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## REIT Financial Report for the 21st Fiscal Period

July 15, 2016

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

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

Scheduled date of submission of periodic securities report (*yuka shoken hokokusho*): August 24, 2016  
 Scheduled date of start of distribution payments: August 12, 2016

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 21st Fiscal Period

**21st Fiscal Period: Fiscal period ended May 2016 (from December 1, 2015 to May 31, 2016)**  
**20th Fiscal Period: Fiscal period ended November 2015 (from June 1, 2015 to November 30, 2015)**

#### (1) Management

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

	Operating revenue		Operating income		Ordinary income		Net income	
21st Period	¥12,363 million	4.4%	¥6,108 million	8.8%	¥5,326 million	13.6%	¥5,250 million	12.0%
20th Period	¥11,837 million	14.0%	¥5,614 million	17.7%	¥4,689 million	16.3%	¥4,688 million	16.3%

  

	Net income per unit	Net income to unitholders' equity	Ordinary income to total assets	Ordinary income to operating revenue
21st Period	¥10,847	2.1%	1.1%	43.1%
20th Period	¥9,692	2.0%	1.1%	39.6%

(Note) Net income per unit is calculated using the following daily weighted average number of investment units issued and outstanding:  
 21st Period: 484,000 units; 20th Period: 483,754 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
21st Period	¥10,508	¥5,085 million	¥0	¥- million	96.9%	2.1%
20th Period	¥9,688	¥4,688 million	¥0	¥- million	100.0%	1.9%

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

#### (3) Financial Position

	Total assets	Net assets	Unitholders' equity to total assets	Net assets per unit
21st Period	¥476,690 million	¥247,720 million	52.0%	¥511,818
20th Period	¥460,705 million	¥247,700 million	53.8%	¥511,777

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(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
21st Period	¥17,363 million	(¥22,336 million)	¥9,311 million	¥23,038 million
20th Period	¥6,530 million	(¥31,677 million)	¥21,056 million	¥18,700 million

## 2. Management Status Forecasts for the 22nd Fiscal Period and 23rd Fiscal Period

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

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

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

	Operating revenue		Operating income		Ordinary income		Net income	
22nd Period	¥12,775 million	3.3%	¥6,101 million	(0.1%)	¥5,256 million	(1.3%)	¥5,254 million	0.1%
23rd Period	¥12,454 million	(2.5%)	¥6,068 million	(0.5%)	¥5,260 million	0.1%	¥5,258 million	0.1%

	Distribution amount per unit (excluding distribution amount in excess of earnings)	Distribution amount in excess of earnings per unit
22nd Period	¥10,550	¥0
23rd Period	¥10,560	¥0

(Reference) Estimated net income per unit for the 22nd Fiscal Period: ¥10,550; 23rd Fiscal Period: ¥10,560

## 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):  
21st Fiscal Period: 484,000 units      20th Fiscal Period: 484,000 units
- (ii) Total number of treasury units at end of period:  
21st Fiscal Period: – units      20th Fiscal Period: – units

(Note) Please refer to “Notes to Per Unit Information” on page 30 for the number of investment units used as the basis for calculating the net income per unit.

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

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

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

The forecast figures are forward-looking statements based on information currently available to Daiwa Office Investment Corporation and involve uncertainties. Accordingly, the actual operating revenue, operating income, ordinary income, net income and distribution amount per unit may vary due to changes in the status. In addition, the forecast is not a guarantee of the distribution amount. For details on the assumptions underlying the forecast figures above, please refer to “Assumptions for the Management Status Forecasts for the 22nd Fiscal Period and 23rd Fiscal Period” on page 12.

## 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, 2016).

## 2. Management Policy and Management Status

### 2.1. Management Policy

Disclosure is omitted because there are no significant changes from the “Investment Policy,” “Investment Target” and “Distribution Policy” set out in the most recent periodic securities report (*yuka shoken hokokusho*) (submitted on February 23, 2016) as of date of this document.

The Investment Corporation plans to submit a proposal for partial amendments to the Articles of Incorporation, including the “Cash Distribution Policy” and “Targets and Policy of Asset Management,” for discussion at the 9th General Meeting of Unitholders scheduled to be held on August 19, 2016.

[Cash Distribution Policy]

- Amendments will be made to allow cash distribution in excess of earning for the purpose of reducing burden of taxation on the Investment Corporation when the Investment Corporation deems appropriate.

[Targets and Policy of Asset Management]

- Amendments will be made to stipulate that principal object of investment shall be real estate, real estate lease rights and superficies, and trust beneficial interests entrusting such assets only, out of real estate, etc. assets.
- Amendments will be made to add renewable energy power generation facility and right to operate public facility, etc. to the type of assets considered as targets. Furthermore, provisions to clarify investment restrictions related to such will be added.
- Provisions which were previously required will be deleted as requirements for application of special measures concerning taxation for investment corporations have been changed due to the amendment of Ordinance for Enforcement of the Act on Special Measures Concerning Taxation.

For details of the partial amendments to the Articles of Incorporation, please refer to Notice concerning Amendments to Articles of Incorporation and Election of Directors, etc. dated July 15, 2016.

### 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 458,357 million yen as of the last day of May 2016.

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

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

###### a. Investment Environment (from December 2015 to May 2016)

The Japanese economy during the fiscal period under review saw a modest recovery against the backdrop of the improving employment and income environments, the improvement in corporate performance and increase in capital investment boosted by the continuous yen depreciation from the Bank of Japan’s monetary easing measures as well as the depression of prices due to low crude oil prices.

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 4.05% at the end of May 2016. Led by improvement in the vacancy rate for large buildings, the overall vacancy rate that includes small- to medium-sized buildings also continues to be on an improving trend. The drop in the vacancy rate has led to an increase in office rent in some areas, and the market as a whole continues to see increase in rent, albeit slight.

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

institutions backed by the forecast of an increase in property prices in accordance with expectations for economic recovery.

#### b. Management Performance

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

Concerning external growth, the Investment Corporation acquired “Nikko Building” (acquisition price: 13,710 million yen) in March 2016, “Kirin Nihonbashi Building” (acquisition price: 8,180 million yen) in May 2016. In addition, the Investment Corporation divested 2 properties (Daiwa Shibuya Dougenzaka and Daiwa Minami-Senba). As a result, the Investment Corporation’s assets under management as of the end of the 21st Fiscal Period (May 31, 2016) totaled 50 properties, the sum total of acquisition prices of which amounted to 458,357 million yen.

Concerning internal growth, while the office leasing market trended recovering, the Investment Corporation conducted proactive leasing, such as capturing needs for floor expansion within the same property through strengthening relationships with existing tenants and reinforcing collaboration with leasing brokers and property managers. As a result, the occupancy rate as of the end of the 21st Fiscal Period (May 31, 2016) was 98.7%.

### C. Overview of Capital Procurement

#### a. Procurement of Capital for New Property Acquisitions

In the 21st Fiscal Period, the Investment Corporation made the following borrowings to fund the acquisition of new properties.

- A total of 12,000 million yen was borrowed from Mitsubishi UFJ Trust and Banking Corporation, The Bank of Tokyo-Mitsubishi UFJ, Ltd., Sumitomo Mitsui Banking Corporation, Development Bank of Japan Inc., Shinsei Bank, Limited, The Nishi-Nippon City Bank, Ltd., Resona Bank, Ltd., Mizuho Trust & Banking Co., Ltd. and Mizuho Bank, Ltd. on March 29, 2016 to fund the acquisition of a new property (Nikko Building) acquired on the same day.
- A total of 7,500 million yen was borrowed from Sumitomo Mitsui Trust Bank, Ltd., Sumitomo Mitsui Banking Corporation and Mizuho Bank, Ltd. on May 26, 2016 to fund the acquisition of a new property (Kirin Nihonbashi Building) acquired on the same day.

#### b. Procurement of Capital for Repayment of Borrowings

In the 21st Fiscal Period, the Investment Corporation made the following borrowings to fund the repayment of borrowings that were due for repayment.

- A total amount of 2,200 million yen was borrowed from Shinsei Bank, Limited and Fukoku Mutual Life Insurance Company on May 31, 2016 to fund the repayment of the same amounts borrowed from the bank and the company that were due for repayment on the same day.

An early repayment for total of 5,500 million yen of short-term loans borrowed from Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Trust Bank, Ltd. and Mizuho Bank, Ltd. on July 31, 2015 was made on April 28, 2016.

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

As a result of the above, the balance of interest-bearing liabilities outstanding as of the end of the 21st Fiscal Period (May 31, 2016) stood at 206,300 million yen (long-term loans payable: 201,200 million yen; investment corporation bonds: 5,100 million yen). The balance of the current portion of long-term loans payable stood at 21,200 million yen.

During the 21st Fiscal Period, the Investment Corporation made borrowings centering on periods of between 7 years and 9.5 years with the maximum being 10 years, and the average remaining period of interest-bearing liabilities as of the end of the 21st Fiscal Period stands at 4.54 years.

#### List of Borrowings in the 21st Fiscal Period

Lender	Loan amount (million yen)	Drawdown date	Repayment date	Loan period
Sumitomo Mitsui Banking Corporation	1,500	2016/3/29	2023/2/28	6.9 years
Development Bank of Japan Inc.	1,500	2016/3/29	2023/2/28	6.9 years
Mizuho Bank, Ltd.	1,000	2016/3/29	2023/2/28	6.9 years
Resona Bank, Ltd.	1,000	2016/3/29	2023/8/31	7.4 years
Mizuho Trust and Banking Co., Ltd.	1,000	2016/3/29	2023/8/31	7.4 years
Shinsei Bank, Ltd.	1,000	2016/3/29	2024/2/29	7.9 years
The Nishi-Nippon City Bank Limited	1,000	2016/3/29	2024/2/29	7.9 years

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Mitsubishi UFJ Trust and Banking Corporation	2,500	2016/3/29	2024/8/30	8.4 years
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,500	2016/3/29	2024/8/30	8.4 years
Sumitomo Mitsui Banking Corporation	1,500	2016/5/26	2017/5/31	1.0 year
Sumitomo Mitsui Trust Bank, Limited	1,500	2016/5/26	2017/5/31	1.0 year
Sumitomo Mitsui Trust Bank, Limited	2,000	2016/5/26	2024/11/29	8.5 years
Sumitomo Mitsui Banking Corporation	1,500	2016/5/26	2025/5/30	9.0 years
Mizuho Bank, Ltd.	1,000	2016/5/26	2025/5/30	9.0 years
Shinsei Bank, Ltd.	2,000	2016/5/31	2024/11/29	8.5 years
Fukoku Mutual Life Insurance Company	200	2016/5/31	2026/5/29	10.0 years

**Balance of Borrowings from Each Financial Institution (as of May 31, 2016)**

Lender	End of the 21st Fiscal Period (million yen)	Share (%) (Note)
Sumitomo Mitsui Banking Corporation	41,900	20.83
Sumitomo Mitsui Trust Bank, Limited	26,350	13.10
Development Bank of Japan Inc.	21,750	10.81
Mizuho Bank, Ltd.	19,400	9.64
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	16,000	7.95
Shinsei Bank, Ltd.	14,000	6.96
Resona Bank, Ltd.	12,500	6.21
Mitsubishi UFJ Trust and Banking Corporation	8,500	4.22
Mizuho Trust and Banking Co., Ltd.	6,000	2.98
The Bank of Fukuoka, Ltd.	5,500	2.73
Kansai Urban Banking Corporation	5,000	2.49
Aozora Bank, Ltd.	4,500	2.24
The Nishi-Nippon City Bank Limited	3,000	1.49
ORIX Bank Corporation	2,500	1.24
The Gunma Bank, Ltd.	2,500	1.24
The 77 Bank, Ltd.	2,000	0.99
The Musashino Bank, Ltd.	2,000	0.99
Tokio Marine & Nichido Fire Insurance Co., Ltd.	2,000	0.99
The Higashi-Nippon Bank, Limited	1,500	0.75
Nippon Life Insurance Company	1,300	0.65
The Kagawa Bank, Ltd.	1,000	0.50
The Hiroshima Bank, Ltd.	1,000	0.50
The Yamaguchi Bank, Ltd.	500	0.25
Taiyo Life Insurance Company	300	0.15
Fukoku Mutual Life Insurance Company	200	0.10
Total	201,200	100.00

(Note) Share is rounded to two decimal places.

**d. Rating Information (as of May 31, 2016)**

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 pertaining to investment corporation bonds 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 21st Fiscal Period of 12,363 million yen in operating revenue, 6,108 million yen in operating income, 5,326 million yen in ordinary income and 5,250 million yen in net income.

Concerning distributions, it is planned that the amount equivalent to distributions from earnings would be included in the amount of tax-deductible expenses based on application of special provisions for taxation of corporation tax (Article 67-15 of the Act on Special Measures Concerning Taxation (Act No. 26 of 1957; including amendments thereto) (the "Special Taxation Measures Act")). On that basis, the Investment Corporation decided to distribute almost the entire amount (excluding fractions of the distribution amount per unit that are less than 1 yen ) remained after reserving part of unappropriated retained earnings as reduction entry and deducting provision of reserve for reduction entry from unappropriated retained earnings, through application of "Special Provisions on Taxation in the case of advance acquisition of land and such in 2009 and 2010" (Article 66-2 of the Special Taxation Measures Act). Accordingly, the Investment Corporation declared a distribution amount per unit of 10,508 yen.

## (2) Outlook for the Next Fiscal Period

### A. Investment Environment

The Japanese economy going forward is expected to see a moderate economic recovery through recovery in personal spending against the backdrop of favorable employment environment and the improved income environment while various economic measures, centering on the public works projects and financial policies promoted by the Abe administration and the monetary easing policy implemented by Bank of Japan continue. However, factors, such as downward swing of the Chinese economy, upset in emerging markets accompanying the U.S. exit strategy, drop in stock prices around the world due to geopolitical risks, downturn of the Eurozone economy and concerns over losing fiscal discipline in the wake of postponement of consumption tax hike, pose potential risks of disrupting the Japanese real economy and financial environment, and are thus thought to require attention.

In the Tokyo office building leasing market, while new supply is on a low note, factors such as improvement in employment are stimulating demand, resulting in the vacancy rate dropping. Improvement in corporate performance is 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 2,000m<sup>2</sup> or more based on various external growth strategies, while maintaining a balance with the asset acquisition environment and financing situation. In principle, considerations will focus on Tokyo as the investment target area, but the Investment Corporation will also consider investing in competitive properties in cities other than Tokyo from a viewpoint of territorially-distributed investments.

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

Furthermore, in the 21st Fiscal Period, the Investment Corporation acquired "Nikko Building" and "Kirin Nihonbashi Building" 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 to total assets (LTV) within the range of 40% to 50% at maximum, taking into consideration also the real LTV, etc., as a principle.
- (ii) Diversify repayment deadlines, targeting 30.0 billion yen as the maximum amount of interest-bearing liabilities that shall become due during any single fiscal period as a principle.
- (iii) Aim to have long-term loans account for at least 70% of total loans as a principle.
- (iv) Achieve diversification of lenders, which shall mainly be Japanese financial institutions.
- (v) Pursuant to its fund management rules, maintain stability in its financial standing by managing necessary funds, such as the amount equivalent to distributions paid, separately from working capital.

### C. Significant Subsequent Events

#### (1) Issuance of Investment Units

The Investment Corporation passed resolutions concerning issuance of new investment units as follows at the meeting of the Board of Directors of the Investment Corporation held on July 15, 2016.

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

- |  |  |
|--|--|
| (i) Number of units to be offered:       | 12,700 units   |
| (ii) Net price (paid-in price):          | To be determined<br>Shall be determined at the Board of Directors meeting to be held on one of the days between July 26, 2016 (Tuesday) and July 29, 2016 (Friday) (hereafter the "Price Determination Date") in accordance with the method pursuant to the article 25 of the Regulations Concerning Underwriting, etc. of Securities by Japan Securities Dealers Association. Net Price (Paid-in Price) is the amount that the Investment Corporation is to receive as payment for one new Investment Unit.   |
| (iii) Net amount (total paid-in amount): | To be determined   |
| (iv) Payment date:                       | August 2, 2016 (Tuesday) to August 5, 2016 (Friday)<br>The above payment date shall be the fifth day after the Price Determination Date.   |
| (v) Use of proceed:                      | Out of the fund procured, 6,000,000,000 yen will be used to partially fund the repayment of borrowings made to acquire Heiwa Higashi-nihonbashi Building (a specified asset acquired on June 1, 2016) and Square Daikanyama Building (a specified asset acquired on June 29, 2016). The remaining amount will be allocated as cash on hand, which will decrease by funding the acquisitions and the expenses associated with the acquisitions of Ogikubo TM Building and Shinjuku West Building, specified assets scheduled to be acquired on July 21, 2016. The funds will be deposited at financial institutions until the outlay and be used as part of acquisition funds of specified assets or part of repayment of borrowings in the future. |

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

- |   |   |
|---|---|
| (i) Number of units to be offered (upper limit):              | 1,300 units   |
| (ii) Net price (paid-in price):                               | To be determined<br>Shall be determined at the Board of Directors meeting to be held on the Price Determination Date. The Net Price (Paid-in Price) shall be the same as the Net Price (Paid-in Price) for Public Offering.   |
| (iii) Net amount (total paid-in amount) (upper limit):        | To be determined  |
| (iv) Allottee and number of units to be issued (upper limit): | Daiwa Securities Co., Ltd. 1,300 units  |
| (v) Payment date:   | August 31, 2016 (Wednesday)   |
| (vi) Use of proceed:  | Out of the fund procured, 6,000,000,000 yen will be used to partially fund the repayment of borrowings made to acquire Heiwa Higashi-nihonbashi Building (a specified asset acquired on June 1, 2016) and Square Daikanyama Building (a specified asset acquired on June 29, 2016). The remaining amount will be allocated as cash on hand, which will decrease by funding the acquisitions and the expenses associated with the acquisitions of Ogikubo TM Building and Shinjuku West Building, specified assets scheduled to be acquired on July 21, 2016. The funds will be deposited at financial institutions until the outlay and be used as part of acquisition funds of |



specified assets or part of repayment of borrowings in the future.

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

(2) Acquisition of Assets

a. The Investment Corporation acquired a trust beneficial interest in real estate on June 1, 2016 as follows.

Summary of Asset Acquired

Property name	Heiwa Higashi-nihonbashi Building
Type of asset	Trust beneficial interest in domestic real estate
Location	3-10-6 Higashi Nihonbashi, Chuo-ku, Tokyo
Acquisition price	6,370 million yen (excluding associated acquisition costs, consumption tax, etc.)
Date of conclusion of purchase agreement	May 26, 2016
Date of delivery	June 1, 2016
Seller (Note)	Not disclosed (Note)

(Note) Seller is a domestic special purpose company which has not agreed to disclose its name.

b. The Investment Corporation acquired a trust beneficial interest in real estate on June 29, 2016 as follows.

Summary of Asset Acquired

Property name	Square Daikanyama Building
Type of asset	Trust beneficial interest in domestic real estate
Location	8-7 Daikanyamacho, Shibuya-ku, Tokyo
Acquisition price	2,280 million yen (excluding associated acquisition costs, consumption tax, etc.)
Date of conclusion of purchase agreement	June 21, 2016
Date of delivery	June 29, 2016
Seller	Hulic Co., Ltd.

c. The Investment Corporation determined on July 15, 2016 to acquire a trust beneficial interest in real estates as follows.

(i) Summary of Asset Acquired

Property name	Shinjuku West Building
Type of asset	Trust beneficial interest in domestic real estate
Location	8-2-5 Nishi Shinjuku, Shinjuku-ku, Tokyo
Acquisition price	942 million yen (excluding associated acquisition costs, consumption tax, etc.)
Date of conclusion of purchase agreement	July 15, 2016
Date of delivery	July 21, 2016 (scheduled)
Seller	GK TC1

## (ii) Summary of Asset Acquired

Property name	Ogikubo TM Building
Type of asset	Trust beneficial interest in domestic real estate
Location	5-26-13 Ogikubo, Suginami-ku, Tokyo
Acquisition price	3,800 million yen (excluding associated acquisition costs, consumption tax, etc.)
Date of conclusion of purchase agreement	July 15, 2016
Date of delivery	July 21, 2016 (scheduled)
Seller	GK TC1

## (3) Transfer of Asset

The Investment Corporation determined on July 7, 2016 to transfer trust beneficial interest in real estates as follows.

## Summary of Asset Transferred

Property name	Daiwa Kudan
Type of asset	Trust beneficial interest in domestic real estate
Sales price	4,040 million yen (excluding settlement money for fixed property tax and city planning tax as well as consumption tax and local consumption tax)
Date of conclusion of purchase agreement	July 7, 2016
Date of delivery	July 7, 2016
Buyer	Not disclosed (Note)

(Note) Buyer is a domestic corporation which has not agreed to disclose its name.

## (4) Borrowing of Funds

a. The Investment Corporation borrowed funds on June 1, 2016 as below.

The funds were borrowed to provide for the acquisition of the new property listed above in “(2) Acquisition of Assets a.” etc.

## Detail of borrowings

Lender	Drawdown date	Loan amount (million yen)	Interest rate	Repayment date	Borrowing / Repayment method
Sumitomo Mitsui Banking Corporation	June 1, 2016	2,000	JBA 1 month Japanese Yen TIBOR + 0.25% (Note)	May 31, 2017	Unsecured Repayment in lump sum
Mizuho Bank, Ltd		2,000			
The Bank of Tokyo-Mitsubishi UFJ, Ltd.		2,000			

(Note) Interest payments shall be made at the end of every month and the maturity date (If any such date is not a business day, the immediately following business day; and if such date falls within the next month, the preceding last business day of the month). Interest rate is calculated based on 1 month Japanese Yen TIBOR which Japanese Bankers Association announces two business days prior to the first day of the applicable calculation period.

b. The Investment Corporation borrowed funds on June 29, 2016 as below.

The funds were borrowed to provide for the acquisition of the new property listed above in “(2) Acquisition of Assets b.” etc.

## Detail of borrowings

Lender	Drawdown date	Loan amount (million yen)	Interest rate	Repayment date	Borrowing / Repayment method
Sumitomo Mitsui Banking Corporation	June 29, 2016	2,000	JBA 1 month Japanese Yen TIBOR + 0.25% (Note)	May 31, 2017	Unsecured Repayment in lump sum

(Note) Interest payments shall be made at the end of every month and the maturity date (If any such date is not a business day, the immediately following business day; and if such date falls within the next month, the preceding last business day of the month). Interest rate is calculated based on 1 month Japanese Yen TIBOR which Japanese Bankers Association announces two business days prior to the first day of the applicable calculation period.

**D. Outlook for Management Status**

The Investment Corporation forecasts the following management status for the 22nd Fiscal Period (fiscal period ending November 2016 (from June 1, 2016 to November 30, 2016)). For the assumptions underlying the management status forecasts, please refer to the “Assumptions for the Management Status Forecasts for the 22nd Fiscal Period and 23rd Fiscal Period” on page 12.

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

Operating revenue	12,775 million yen
Operating income	6,101 million yen
Ordinary income	5,256 million yen
Net income	5,254 million yen
Distribution amount per unit	10,550 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 22nd Fiscal Period and 23rd Fiscal Period” will remain unchanged, the Investment Corporation forecasts the following management status for the 23rd Fiscal Period (fiscal period ending May 2017 (from December 1, 2016 to May 31, 2017)).

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

Operating revenue	12,454 million yen
Operating income	6,068 million yen
Ordinary income	5,260 million yen
Net income	5,258 million yen
Distribution amount per unit	10,560 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 22nd Fiscal Period and 23rd Fiscal Period**

Item	Assumptions
Assets under management	<ul style="list-style-type: none"> <li>• 22nd Fiscal Period: Assets under management are assumed to be the 50 properties owned as of May 31, 2016, plus the 2 properties(Heiwa Higashi-nihonbashi Building and Square Daikanyama Building) acquired in June 2016 and 2 properties(Ogikubo TM Building and Shinjuku West Building) to be acquired in July 2016, minus 1 property divested(Daiwa Kudan) in July 2016, to total 53 properties.</li> <li>• 23rd Fiscal Period Assets under management are assumed to be the 53 properties described above.</li> <li>• The actual number of properties may vary due to changes in the assets under management other than above.</li> </ul>
Operating revenue	<ul style="list-style-type: none"> <li>• Rent revenue from existing properties is calculated based on historical data and taking into account variable factors.</li> <li>• Gain on sales of real estate properties from the divestment of existing properties is expected to be 99 million yen for the 22nd Fiscal Period.</li> </ul>
Operating expenses	<ul style="list-style-type: none"> <li>• Expenses related to rent business, which constitute a major component of operating expenses, are calculated based on historical data and taking into account variable factors.</li> <li>• Repair expenses for buildings are recorded as expenses in the amount expected to be necessary in the respective fiscal period based on the medium to long term repair plan established by the Asset Manager.</li> <li>• Operating income from property leasing (excluding gain on sales of real estate properties) after deducting expenses related to rent business (including depreciation) is expected to be 7,292 million yen in the 22nd Fiscal Period and 7,331 million yen in the 23rd Fiscal Period.</li> <li>• Consignment expenses are expected to be 892 million yen in the 22nd Fiscal Period and 886 million yen in the 23rd Fiscal Period.</li> <li>• Taxes and dues (fixed property tax, city planning tax, etc.) are expected to be 1,035 million yen in the 22nd Fiscal Period and 1,026 million yen in the 23rd Fiscal Period.</li> <li>• While, in general, fixed property tax, city planning tax, etc. in the transaction of real estate, etc. are calculated on a pro rata basis and reimbursed at the time of acquisition with the current owner, but for the Investment Corporation, the amount equivalent to the reimbursement is included in the cost of acquisition and thus it is not recognized as expenses in the period of acquisition of properties. As such, fixed property tax, city planning tax, etc. of fiscal 2017 for properties acquired in 2016 shall be recorded as expenses starting from the fiscal period ending November 2017.</li> <li>• Depreciation is expected to be 1,751 million yen in the 22nd Fiscal Period and 1,775 million yen in the 23rd Fiscal Period.</li> </ul>
Non-operating expenses	<ul style="list-style-type: none"> <li>• Non-operating expenses in the 22nd Fiscal Period are expected to be 845 million yen, of which the interest expenses, interest expenses on investment corporation bonds and borrowing related expenses are expected to be 808 million yen and expenses for issuance of investment units are expected to be 32 million yen.</li> <li>• Non-operating expenses in the 23rd Fiscal Period are expected to be 807 million yen, of which the interest expenses, interest expenses on investment corporation bonds, and borrowing related expenses are expected to be 803 million yen.</li> </ul>
Interest-bearing liabilities	<ul style="list-style-type: none"> <li>• The total amount of interest-bearing liabilities is assumed to be 204,300 million yen at the end of the 22nd Fiscal Period and 204,300 million yen at the end of the 23rd Fiscal Period.</li> <li>• A total of 8,000 million was newly borrowed to fund the acquisition of new properties acquired on June 1, 2016 and June 29, 2016 (6,000 million yen for the acquisition of Heiwa Higashi-nihonbashi Building (borrowed on June 1, 2016) and 2,000 million yen for the acquisition of Square Daikanyama Building (borrowed on June 29, 2016)). It is assumed that all of the 1,500 million yen of borrowings due for repayment on August 31, 2016 will be refinanced. In addition, it is assumed that, out of existing borrowings, an early repayment will be conducted for a total of 10,000 million yen by the end of the 22nd Fiscal Period.</li> <li>• In the 23rd Fiscal Period, it is assumed that all of the 1,700 million yen of borrowings due for repayment on May 10, 2017, the 6,500 million yen of borrowing due for repayment on May 22, 2017 and the 9,500 million yen of borrowing due for repayment on May 31, 2017 will be refinanced.</li> </ul>

Item	Assumptions
Total number of investment units issued and outstanding	<ul style="list-style-type: none"> <li>• The number of investment units issued and outstanding is assumed to be the 484,000 units issued and outstanding as of May 31, 2016, plus the 12,700 units from issuance of new investment units through public offering and the 1,300 units from issuance of new investment units by third-party allocation (upper limit) for which resolutions were passed at the meeting of the Board of Directors of the Investment Corporation held on July 15, 2016, to total 498,000 units.</li> <li>• It is assumed that there are no changes to the number of investment units other than stated above until the end of the 23rd Fiscal Period such as through the issuance of new investment units, etc.</li> </ul>
Distribution amount per unit	<ul style="list-style-type: none"> <li>• The distribution amount per unit is calculated based on the cash distribution policy as set out in the articles of incorporation of the Investment Corporation.</li> <li>• The distribution amount per unit may vary depending on a variety of factors, such as changes in the assets under management, changes in the rent revenue due to tenant changes and other causes, and incurrence of unforeseen repairs.</li> </ul>
Distribution amount in excess of earnings per unit	<ul style="list-style-type: none"> <li>• At present, there is no plan to make any distribution in excess of earnings (distribution amount in excess of earnings per unit).</li> </ul>
Other	<ul style="list-style-type: none"> <li>• It is assumed that there are no changes to laws and ordinances, the tax system, accounting standards, listing regulations, the rules of Tokyo Stock Exchange, Inc. and The Investment Trusts Association, Japan, etc. that will affect the abovementioned forecast figures.</li> <li>• It is assumed that there will be no major unforeseen changes in general economic trends, real estate market conditions, etc.</li> </ul>

### 2.3. Investment Risks

Disclosure is omitted because there are no significant changes from the “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, 2016).

### 3. Financial Statements

#### 3.1. Balance Sheets

(Unit: thousand yen)

	20th Fiscal Period [As of Nov. 30, 2015]	21st Fiscal Period [As of May 31, 2016]
Assets		
Current assets		
Cash and deposits	16,618,092	20,940,424
Cash and deposits in trust	2,082,177	2,097,792
Operating accounts receivable	238,836	174,843
Consumption taxes receivable	515,291	—
Prepaid expenses	386,624	427,960
Deferred tax assets	550	307
Other	157,031	188,382
Total current assets	19,998,604	23,829,711
Noncurrent assets		
Property, plant and equipment		
Buildings	3,124,851	3,131,970
Accumulated depreciation	(1,716,825)	(1,803,895)
Buildings, net	1,408,025	1,328,074
Structures	14,344	14,344
Accumulated depreciation	(3,335)	(3,806)
Structures in trust, net	11,008	10,537
Tools, furniture and fixtures	18,958	18,958
Accumulated depreciation	(8,507)	(9,260)
Tools, furniture and fixtures, net	10,450	9,697
Land	12,302,226	12,302,226
Construction in progress	3,572	3,448
Buildings in trust	101,181,076	101,441,708
Accumulated depreciation	(18,232,206)	(19,195,589)
Buildings in trust, net	*1 82,948,869	*1 82,246,118
Structures in trust	963,538	946,189
Accumulated depreciation	(173,574)	(182,877)
Structures in trust, net	789,963	763,311
Machinery and equipment in trust	777,674	756,801
Accumulated depreciation	(388,194)	(389,889)
Machinery and equipment in trust, net	389,479	366,911
Tools, furniture and fixtures in trust	175,565	187,063
Accumulated depreciation	(76,822)	(86,203)
Tools, furniture and fixtures in trust, net	98,742	100,860
Other in trust	4,336	4,336
Accumulated depreciation	(4,336)	(4,336)
Other in trust, net	—	—
Land in trust	338,450,955	351,272,600
Construction in progress in trust	27,451	42,085
Total property, plant and equipment	436,440,746	448,445,873

## Daiwa Office Investment Corporation (8976) Financial Report for the 21st Fiscal Period

(Unit: thousand yen)

	20th Fiscal Period [As of Nov. 30, 2015]	21st Fiscal Period [As of May 31, 2016]
<b>Intangible assets</b>		
Right of trademark	695	596
Leasehold rights	2,407,101	2,407,101
Leasehold rights in trust	306,884	306,884
Other	2,741	2,332
<b>Total intangible assets</b>	<b>2,717,422</b>	<b>2,716,915</b>
<b>Investments and other assets</b>		
Lease and guarantee deposits in trust	113,684	113,684
Long-term prepaid expenses	1,206,053	1,189,161
Deferred tax assets	186,815	355,230
Other	10,020	10,020
<b>Total investments and other assets</b>	<b>1,516,573</b>	<b>1,668,096</b>
<b>Total noncurrent assets</b>	<b>440,674,743</b>	<b>452,830,885</b>
<b>Deferred assets</b>		
Investment corporation bonds issuance costs	32,390	29,435
<b>Total deferred assets</b>	<b>32,390</b>	<b>29,435</b>
<b>Total assets</b>	<b>460,705,737</b>	<b>476,690,032</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Operating accounts payable	844,892	988,220
Short-term loans payable	5,500,000	—
Current portion of long-term loans payable	3,700,000	21,200,000
Accounts payable – other	541,568	494,490
Income taxes payable	775	970
Accrued consumption taxes	57,157	534,190
Advances received	1,941,023	2,051,727
Other	204,480	365,653
<b>Total current liabilities</b>	<b>12,789,897</b>	<b>25,635,253</b>
<b>Noncurrent liabilities</b>		
Investment corporation bonds	5,100,000	5,100,000
Long-term loans payable	178,000,000	180,000,000
Tenant leasehold and security deposits	15,531,882	15,881,378
Tenant leasehold and security deposits in trust	1,005,375	988,887
Derivatives liabilities	578,197	1,364,329
<b>Total noncurrent liabilities</b>	<b>200,215,456</b>	<b>203,334,595</b>
<b>Total liabilities</b>	<b>213,005,354</b>	<b>228,969,848</b>
<b>Net Assets</b>		
<b>Unitholders' equity</b>		
Unitholders' capital	243,403,874	243,403,874
<b>Surplus</b>		
Unappropriated retained earnings (undisposed loss)	4,689,024	5,250,225
<b>Total surplus</b>	<b>4,689,024</b>	<b>5,250,225</b>
<b>Total unitholders' equity</b>	<b>248,092,898</b>	<b>248,654,100</b>
<b>Valuation and translation adjustments</b>		
Deferred gains or losses on hedges	(392,515)	(933,915)
<b>Total valuation and translation adjustments</b>	<b>(392,515)</b>	<b>(933,915)</b>
<b>Total net assets</b>	<b>*2 247,700,383</b>	<b>*2 247,720,184</b>
<b>Total liabilities and net assets</b>	<b>460,705,737</b>	<b>476,690,032</b>

## 3.2. Statements of Income

(Unit: thousand yen)

	20th Fiscal Period [From: June 1, 2015 To: Nov. 30, 2015]		21st Fiscal Period [From: Dec. 1, 2015 To: May 31, 2016]	
Operating revenue				
Rent revenue – real estate	*1	11,777,301	*1	11,947,802
Other lease business revenue	*1	60,694	*1	91,980
Gain on sales of real estate properties		—	*2	323,700
Total operating revenue		11,837,995		12,363,483
Operating expenses				
Expenses related to rent business	*1	5,026,334	*1	5,014,202
Asset management fees		968,318		994,954
Asset custody fees		22,616		23,182
Administrative service fees		72,790		73,682
Trust fees		21,820		19,720
Directors' compensation		5,400		5,400
Other operating expenses		106,128		123,886
Total operating expenses		6,223,408		6,255,028
Operating income		5,614,587		6,108,455
Non-operating income				
Interest income		771		132
Reversal of distribution payable		804		688
Miscellaneous income		11,998		4,901
Total non-operating income		13,574		5,722
Non-operating expenses				
Interest expenses		591,939		597,306
Interest expenses on investment corporation bonds		16,707		16,892
Borrowing expenses		162,632		166,855
Investment unit issuance expenses		160,735		—
Other		6,521		6,154
Total non-operating expenses		938,537		787,208
Ordinary income		4,689,624		5,326,969
Income before income taxes		4,689,624		5,326,969
Income taxes – current		805		977
Income taxes – deferred		3		75,798
Total income taxes		809		76,775
Net income		4,688,815		5,250,193
Retained earnings brought forward		208		32
Unappropriated retained earnings (undisposed loss)		4,689,024		5,250,225



## 3.3. Statements of Unitholders' Equity

20th Fiscal Period (from June 1, 2015 to November 30, 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	4,031,830	4,031,830	223,187,402	(232,601)	(232,601)	222,954,800
Changes of items during the period							
Issuance of investment units	24,248,302			24,248,302			24,248,302
Dividends from surplus		(4,031,622)	(4,031,622)	(4,031,622)			(4,031,622)
Net income		4,688,815	4,688,815	4,688,815			4,688,815
Net changes of items other than shareholders' equity					(159,913)	(159,913)	(159,913)
Net changes of items other than shareholders' equity	24,248,302	657,193	657,193	24,905,495	(159,913)	(159,913)	24,745,582
Balance at end of current period	243,403,874	4,689,024	4,689,024	248,092,898	(392,515)	(392,515)	247,700,383

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

(Unit: thousand yen)

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

## 3.4. Statements of Cash Distributions

Item	20th Fiscal Period [From: June 1, 2015 To: Nov. 30, 2015]	21st Fiscal Period [From: Dec. 1, 2015 To: May 31, 2016]
	Amount (yen)	Amount (yen)
I. Unappropriated retained earnings	4,689,024,142	5,250,225,912
II. Distribution amount [Distribution amount per unit]	4,688,992,000 [9,688]	5,085,872,000 [10,508]
III. Voluntary retained earnings Provision of reserve for reduction entry		164,162,797
IV. Retained earnings carried forward	32,142	191,115
Method for calculating distribution amount	Pursuant to the policy that “the Investment Corporation shall distribute an amount in excess of the amount equivalent to 90% of its distributable earnings as defined in Article 67-15 of the Act on Special Measures Concerning Taxation” but no more than the amount of earnings as specified in Article 32, Item 1 of the Investment Corporation’s articles of incorporation, the Investment Corporation decided the distributions from earnings that it shall pay out shall be the maximum value of the integral multiple of the total number of units issued and outstanding (484,000 units) in an amount that is not in excess of unappropriated retained earnings. Accordingly, the Investment Corporation declared a distribution amount of 4,688,992,000 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 (484,000 units) in an amount that is not in excess of the remaining amount obtained after deducting provision of reserve for reduction entry defined in Article 66-2 of the Special Taxation Measures Act from unappropriated retained earnings. Accordingly, the Investment Corporation declared a distribution amount of 5,085,872,000 yen. Furthermore, the Investment Corporation shall not distribute cash in excess of earnings as stipulated in Article 32, Item 2 of its articles of incorporation.

## 3.5. Statements of Cash Flows

(Unit: thousand yen)

	20th Fiscal Period [From: June 1, 2015 To: Nov. 30, 2015]	21st Fiscal Period [From: Dec. 1, 2015 To: May 31, 2016]
Net cash provided by (used in) operating activities		
Income before income taxes	4,689,624	5,326,969
Depreciation and amortization	1,704,769	1,726,589
Amortization of investment corporation bonds issuance costs	2,954	2,954
Investment unit issuance expenses	160,735	—
Interest income	(771)	(132)
Interest expenses	608,647	614,198
(Increase) Decrease in operating accounts receivable	36,956	63,992
(Increase) Decrease in consumption taxes refund receivable	(515,291)	515,291
(Increase) Decrease in prepaid expenses	16,599	(41,335)
Increase (decrease) in operating accounts payable	95,226	14,935
Increase (decrease) in accounts payable – other	123,956	(107,982)
Increase (decrease) in accrued consumption taxes	(285,428)	477,033
Increase (decrease) in advances received	642,252	110,704
(Increase) Decrease in long-term prepaid expenses	98,548	16,891
Decrease from sales of property, plant and equipment in trust	—	9,127,507
Other, net	(230,111)	130,195
Subtotal	7,148,669	17,977,812
Interest income received	771	132
Interest expenses paid	(617,859)	(614,106)
Income taxes paid	(854)	(783)
Net cash provided by (used in) operating activities	6,530,727	17,363,054
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(13,262)	(1,824)
Purchase of property, plant and equipment in trust	(34,088,858)	(22,667,593)
Proceeds from tenant security deposits	1,281,904	499,436
Proceeds from tenant security deposits in trust	1,407,399	383,107
Repayments of tenant security deposits	(264,439)	(537,469)
Repayments of tenant security deposits in trust	(402)	(12,066)
Net cash provided by (used in) investing activities	(31,677,660)	(22,336,410)
Net cash provided by (used in) financing activities		
Proceeds from short-term loans payable	5,500,000	—
Repayment of short-term loans payable	(9,500,000)	(5,500,000)
Proceeds from long-term loans payable	11,100,000	21,700,000
Repayment of long-term loans payable	(6,100,000)	(2,200,000)
Proceeds from issuance of investment units	24,087,566	—
Dividends paid	(4,031,177)	(4,688,695)
Net cash provided by (used in) financing activities	21,056,388	9,311,304
Net increase (decrease) in cash and cash equivalents	(4,090,543)	4,337,948
Cash and cash equivalents at beginning of period	22,790,813	18,700,269
Cash and cash equivalents at end of period	*1 18,700,269	*1 23,038,217

**3.6. Notes to the Going Concern**

Not applicable.

**3.7. Notes to Significant Accounting Policies**

1. Accumulated depreciation method for noncurrent assets	<p>(1) Property, plant and equipment (including trust assets) The straight-line method is adopted. The useful life of primary property, plant and equipment are as follows:</p> <table border="0" data-bbox="675 443 1177 555"> <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	<p>Accounting for fixed property tax, etc.</p> <p>Concerning fixed property tax, city planning tax, depreciated asset tax, etc. for owned real estate in trust, of the tax amount that has been broken down into installments, the method of accounting for the amount corresponding to the concerned fiscal period as expenses related to rent business is adopted.</p> <p>Concerning the amount equivalent to fixed property tax, etc. for the initial fiscal year that shall be borne by the Investment Corporation in correlation with acquisitions of real estate or trust beneficial interest that have real estate as assets in trust, the amount is not expensed but is rather included in the cost of acquisition of the concerned real estate property.</p> <p>The amount equivalent to fixed property tax, etc. that was included in the cost of acquisition of real estate properties in the 20th Fiscal Period is 125,633 thousand yen and 21st Fiscal Period is 53,870 thousand yen.</p>								
4. Hedge accounting approaches	<p>(1) Hedge accounting approach Deferral hedge accounting is adopted. Special accounting is adopted for interest rate swaps that meet the requirements for special accounting.</p> <p>(2) Hedging instruments and hedged items Hedging instruments: Interest rate 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> <ul style="list-style-type: none"> <li>(i) Cash and deposits in trust</li> <li>(ii) Buildings in trust, structures in trust, machinery and equipment in trust, tools, furniture and fixtures in trust, other tangible assets in trust, land in trust and construction in progress in trust</li> <li>(iii) Leasehold rights in trust</li> <li>(iv) Lease and guarantee deposits in trust</li> <li>(v) Tenant leasehold and security deposits in trust</li> </ul> <p>(2) Accounting method for consumption taxes Consumption tax and local consumption tax are accounted for by the tax-exclusion method and consumption taxes that are not tax-deductible are expensed in the fiscal period under review. The consumption taxes relating to noncurrent assets, etc. that are not tax-deductible are amortized in equal installments over 5 years.</p>
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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.

20th Fiscal Period [As of November 30, 2015]		21st Fiscal Period [As of May 31, 2016]	
Buildings in trust	32,898 thousand yen	Buildings in trust	32,898 thousand yen

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

20th Fiscal Period [As of November 30, 2015]		21st Fiscal Period [As of May 31, 2016]	
	50,000 thousand yen		50,000 thousand yen

**[Notes to Statements of Income]****\*1. Breakdown of operating income (loss) from property leasing**

(Unit: thousand yen)

	20th Fiscal Period [From: June 1, 2015 To: Nov. 30, 2015]	21st Fiscal Period [From: Dec. 1, 2015 To: May 31, 2016]
A. Property leasing revenue		
Rent revenue – real estate	11,777,301	11,947,802
Other lease business revenue	60,694	91,980
Total property leasing revenue	11,837,995	12,039,783
B. Property leasing expenses		
Consignment expenses	889,597	868,699
Utilities expenses	1,159,084	1,051,126
Taxes and dues	883,293	895,930
Non-life insurance expenses	16,633	17,250
Repair expenses	320,996	403,758
Depreciation	1,703,685	1,726,073
Other lease business expenses	53,042	51,363
Total property leasing expenses	5,026,334	5,014,202
C. Operating income (loss) from property leasing [A – B]	6,811,661	7,025,580

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

20th Fiscal Period [From: June 1, 2015 To: November 30, 2015]

Not applicable.

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

Daiwa Shibuya Dougenzaka

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

Daiwa Minami-senba

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

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

	20th Fiscal Period [From: June 1, 2015 To: Nov. 30, 2015]	21st Fiscal Period [From: Dec. 1, 2015 To: May 31, 2016]
Total number of investment units authorized and number of investment units issued and outstanding		
Total number of investment units authorized	2,000,000 units	2,000,000 units
Number of investment units issued and outstanding	484,000 units	484,000 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)

	20th Fiscal Period [From: June 1, 2015 To: Nov. 30, 2015]	21st Fiscal Period [From: Dec. 1, 2015 To: May 31, 2016]
Cash and deposits	16,618,092	20,940,424
Cash and deposits in trust	2,082,177	2,097,792
Cash and cash equivalents	18,700,269	23,038,217

**[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 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)).

20th Fiscal Period [As of November 30, 2015]

(Unit: thousand yen)

	Carrying amount	Fair value	Difference
(1) Cash and deposits	16,618,092	16,618,092	—
(2) Cash and deposits in trust	2,082,177	2,082,177	—
Total assets	18,700,269	18,700,269	—
(3) Short-term loans payable	5,500,000	5,500,000	—
(4) Current portion of long-term loans payable	3,700,000	3,702,739	2,739
(5) Investment corporation bonds	5,100,000	5,149,380	49,380
(6) Long-term loans payable	178,000,000	178,318,164	318,164
Total liabilities	192,300,000	192,670,284	370,284
Derivative transactions (*)	(579,871)	(579,871)	—

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

(Unit: thousand yen)

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

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

Assets

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

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

Liabilities

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

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

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

(5) Investment corporation bonds

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

Derivative transactions

Please refer to [Notes to Derivative transactions] below.



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

(Unit: thousand yen)

	20th Fiscal Period [As of November 30, 2015]	21st Fiscal Period [As of May 31, 2016]
Tenant leasehold and security deposits	15,531,882	15,881,378
Tenant leasehold and security deposits in trust	1,005,375	988,887
Total	16,537,258	16,870,265

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

20th Fiscal Period [As of November 30, 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	16,618,092	–	–	–	–	–
Cash and deposits in trust	2,082,177	–	–	–	–	–
Total	18,700,269	–	–	–	–	–

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

(Unit: thousand yen)

	Within 1 year	Within 2 years, but over 1 year	Within 3 years, but over 2 years	Within 4 years, but over 3 years	Within 5 years, but over 4 years	Over 5 years
Cash and deposits	20,940,424	–	–	–	–	–
Cash and deposits in trust	2,097,792	–	–	–	–	–
Total	23,038,217	–	–	–	–	–

(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.

20th Fiscal Period [As of November 30, 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	5,500,000	–	–	–	–	–
Current portion of long-term loans payable	3,700,000	–	–	–	–	–
Investment corporation bonds	–	–	–	3,000,000	–	2,100,000
Long-term loans payable	–	28,250,000	17,350,000	22,000,000	31,600,000	78,800,000
Total	9,200,000	28,250,000	17,350,000	25,000,000	31,600,000	80,900,000

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

(Unit: thousand yen)

	Within 1 year	Within 2 years, but over 1 year	Within 3 years, but over 2 years	Within 4 years, but over 3 years	Within 5 years, but over 4 years	Over 5 years
Current portion of long-term loans payable	21,200,000	–	–	–	–	–
Investment corporation bonds	–	–	–	3,000,000	–	2,100,000
Long-term loans payable	–	19,400,000	21,500,000	25,000,000	33,300,000	80,800,000
Total	21,200,000	19,400,000	21,500,000	28,000,000	33,300,000	82,900,000

**[Notes to Derivative Transactions]**

(1) Transactions for which hedge accounting is not applied

20th Fiscal Period [As of November 30, 2015]

Not applicable.

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

Not applicable.

(2) Transactions for which hedge accounting is applied

20th Fiscal Period [As of November 30, 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	82,800,000	81,300,000	(579,871)	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	30,350,000	28,350,000	(*)	—
Total			113,150,000	109,650,000	(579,871)	—

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

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

(Unit: thousand yen)

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

(\*) 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

20th Fiscal Period [From: June 1, 2015 To: November 30, 2015]  
Not applicable.

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

(2) Notes to parent company and significant affiliated companies

20th Fiscal Period [From: June 1, 2015 To: November 30, 2015]  
Not applicable.

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

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

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

(Unit: thousand yen)

	20th Fiscal Period [From: June 1, 2015 To: Nov. 30, 2015]	21st Fiscal Period [From: Dec. 1, 2015 To: May 31, 2016]
Carrying amount		
Balance at beginning of period	406,699,107	439,123,698
Amount of increase (decrease) during period	32,424,591	11,990,626
Balance at end of period	439,123,698	451,114,325
Fair value at end of period	459,820,000	483,390,000

(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 20th Fiscal Period, the amount of increase is mainly attributable to acquisition of 3 properties (32,518 million yen), and the amount of decrease is mainly attributable to depreciation (1,703 million yen). Of the amount of increase (decrease) for rental properties during the 21st Fiscal Period, the amount of increase is mainly attributable to acquisition of 2 properties (21,890 million yen) and the amount of decrease is mainly attributable to sales of 2 properties (9,127 million yen) and depreciation (1,726 million yen).

(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

20th Fiscal Period [From: June 1, 2015 To: November 30, 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.

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

- ① Information about products and services  
Information about products and services has been omitted because net sales to external customers for one segment are in excess of 90% of the operating revenue on statements of income.
- ② Information about geographical areas
  - A. Net sales  
Information about net sales has been omitted because net sales to external customers in Japan are in excess of 90% of the operating revenue on statements of income.
  - B. Property, plant and equipment  
Information about property, plant and equipment has been omitted because the amount of property, plant and equipment located in Japan is in excess of 90% of the amount of property, plant and equipment on balance sheets.
- ③ Information about major customers  
Information about principal customers has been omitted because each net sales to a single external customer accounts for less than 10% of the operating revenue on statements of income.

**[Notes to Per Unit Information]**

	20th Fiscal Period [From: June 1, 2015 To: Nov. 30, 2015]	21st Fiscal Period [From: Dec. 1, 2015 To: May 31, 2016]
Net assets per unit	511,777 yen	511,818 yen
Net income per unit	9,692.56 yen	10,847.50 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.

	20th Fiscal Period [From: June 1, 2015 To: Nov. 30, 2015]	21st Fiscal Period [From: Dec. 1, 2015 To: May 31, 2016]
Net income (thousand yen)	4,688,815	5,250,193
Amounts not attributable to common unitholders (thousand yen)	—	—
Net income attributable to common investment units (thousand yen)	4,688,815	5,250,193
Average number of investment units during the period (unit)	483,754	484,000

**[Notes to Significant Subsequent Events]**

## (1) Issuance of Investment Units

The Investment Corporation passed resolutions concerning issuance of new investment units as follows at the meeting of the Board of Directors of the Investment Corporation held on July 15, 2016.

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

- (i) Number of units to be offered: 12,700 units  
(ii) Net price (paid-in price): To be determined

Shall be determined at the Board of Directors meeting to be held on one of the days between July 26, 2016 (Tuesday) and July 29, 2016 (Friday) (hereafter the "Price Determination Date") in accordance with the method pursuant to the article 25 of the Regulations Concerning Underwriting, etc. of Securities by Japan Securities Dealers Association. Net Price (Paid-in Price) is the amount that the Investment Corporation is to receive as payment for one new Investment Unit.

- (iii) Net amount (total paid-in amount): To be determined

- (iv) Payment date:

August 2, 2016 (Tuesday) to August 5, 2016 (Friday)

The above payment date shall be the fifth day after the Price Determination Date.

- (v) Use of proceed:

Out of the fund procured, 6,000,000,000 yen will be used to partially fund the repayment of borrowings made to acquire Heiwa Higashi-nihonbashi Building (a specified asset acquired on June 1, 2016) and Square Daikanyama Building (a specified asset acquired on June 29, 2016). The remaining amount will be allocated as cash on hand, which will decrease by funding the acquisitions and the expenses associated with the acquisitions of Ogikubo TM Building and Shinjuku West Building, specified assets scheduled to be acquired on July 21, 2016. The funds will be deposited at financial institutions until the outlay and be used as part of acquisition funds of specified assets or part of repayment of borrowings in the future.

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

- (i) Number of units to be offered (upper limit): 1,300 units  
(ii) Net price (paid-in price): To be determined

Shall be determined at the Board of Directors meeting to be held on the Price Determination Date. The Net Price (Paid-in Price) shall be the same as the Net Price (Paid-in Price) for Public Offering.

- (iii) Net amount (total paid-in amount) (upper limit):

To be determined

- (iv) Allottee and number of units to be issued (upper limit): Daiwa Securities Co., Ltd. 1,300 units  
 (v) Payment date: August 31, 2016 (Wednesday)  
 (vi) Use of proceed: Out of the fund procured, 6,000,000,000 yen will be used to partially fund the repayment of borrowings made to acquire Heiwa Higashi-nihonbashi Building (a specified asset acquired on June 1, 2016) and Square Daikanyama Building (a specified asset acquired on June 29, 2016). The remaining amount will be allocated as cash on hand, which will decrease by funding the acquisitions and the expenses associated with the acquisitions of Ogikubo TM Building and Shinjuku West Building, specified assets scheduled to be acquired on July 21, 2016. The funds will be deposited at financial institutions until the outlay and be used as part of acquisition funds of specified assets or part of repayment of borrowings in the future.

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

(2) Acquisition of Assets

- a. The Investment Corporation acquired a trust beneficial interest in real estate on June 1, 2016 as follows.

Summary of Asset Acquired

Property name	Heiwa Higashi-nihonbashi Building
Type of asset	Trust beneficial interest in domestic real estate
Location	3-10-6 Higashi Nihonbashi, Chuo-ku, Tokyo
Acquisition price	6,370 million yen (excluding associated acquisition costs, consumption tax, etc.)
Date of conclusion of purchase agreement	May 26, 2016
Date of delivery	June 1, 2016
Seller (Note)	Not disclosed (Note)

(Note) Seller is a domestic special purpose company which has not agreed to disclose its name.

- b. The Investment Corporation acquired a trust beneficial interest in real estate on June 29, 2016 as follows.

Summary of Asset Acquired

Property name	Square Daikanyama Building
Type of asset	Trust beneficial interest in domestic real estate
Location	8-7 Daikanyamacho, Shibuya-ku, Tokyo
Acquisition price	2,280 million yen (excluding associated acquisition costs, consumption tax, etc.)
Date of conclusion of purchase agreement	June 21, 2016
Date of delivery	June 29, 2016
Seller	Hulic Co., Ltd.

- c. The Investment Corporation determined on July 15, 2016 to acquire a trust beneficial interest in real estates as follows.

(i) Summary of Asset Acquired

Property name	Shinjuku West Building
Type of asset	Trust beneficial interest in domestic real estate
Location	8-2-5 Nishi Shinjuku, Shinjuku-ku, Tokyo
Acquisition price	942 million yen (excluding associated acquisition costs, consumption tax, etc.)
Date of conclusion of purchase agreement	July 15, 2016
Date of delivery	July 21, 2016 (scheduled)
Seller	GK TC1

## (ii) Summary of Asset Acquired

Property name	Ogikubo TM Building
Type of asset	Trust beneficial interest in domestic real estate
Location	5-26-13 Ogikubo, Suginami-ku, Tokyo
Acquisition price	3,800 million yen (excluding associated acquisition costs, consumption tax, etc.)
Date of conclusion of purchase agreement	July 15, 2016
Date of delivery	July 21, 2016 (scheduled)
Seller	GK TC1

## (3) Transfer of Asset

The Investment Corporation determined on July 7, 2016 to transfer trust beneficial interest in real estates as follows.

## Summary of Asset Transferred

Property name	Daiwa Kudan
Type of asset	Trust beneficial interest in domestic real estate
Sales price	4,040 million yen (excluding settlement money for fixed property tax and city planning tax as well as consumption tax and local consumption tax)
Date of conclusion of purchase agreement	July 7, 2016
Date of delivery	July 7, 2016
Buyer	Not disclosed (Note)

(Note) Buyer is a domestic corporation which has not agreed to disclose its name.

## (4) Borrowing of Funds

a. The Investment Corporation borrowed funds on June 1, 2016 as below.

The funds were borrowed to provide for the acquisition of the new property listed above in “(2) Acquisition of Assets a.,” etc.

## Detail of borrowings

Lender	Drawdown date	Loan amount (million yen)	Interest rate	Repayment date	Borrowing / Repayment method
Sumitomo Mitsui Banking Corporation	June 1, 2016	2,000	JBA 1 month Japanese Yen TIBOR + 0.25% (Note)	May 31, 2017	Unsecured Repayment in lump sum
Mizuho Bank, Ltd		2,000			
The Bank of Tokyo-Mitsubishi UFJ, Ltd.		2,000			

(Note) Interest payments shall be made at the end of every month and the maturity date (If any such date is not a business day, the immediately following business day; and if such date falls within the next month, the preceding last business day of the month). Interest rate is calculated based on 1 month Japanese Yen TIBOR which Japanese Bankers Association announces two business days prior to the first day of the applicable calculation period.

b. The Investment Corporation borrowed funds on June 29, 2016 as below.

The funds were borrowed to provide for the acquisition of the new property listed above in “(2) Acquisition of Assets b.,” etc.

## Detail of borrowings

Lender	Drawdown date	Loan amount (million yen)	Interest rate	Repayment date	Borrowing / Repayment method
Sumitomo Mitsui Banking Corporation	June 29, 2016	2,000	JBA 1 month Japanese Yen TIBOR + 0.25% (Note)	May 31, 2017	Unsecured Repayment in lump sum

(Note) Interest payments shall be made at the end of every month and the maturity date (If any such date is not a business day, the immediately following business day; and if such date falls within the next month, the preceding last



business day of the month.) Interest rate is calculated based on 1 month Japanese Yen TIBOR which Japanese Bankers Association announces two business days prior to the first day of the applicable calculation period.

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

During the fiscal period under review, there was no change to the unitholders' capital as the Investment Corporation did not conduct any capital increase, etc. The overview of capital increase in the most recent 5 years up to the end of the 21st Fiscal Period is as follows.

Payment date	Description	Number of investment units issued and outstanding (units)		Unitholders' capital (million yen)		Notes
		Increase (Decrease)	Balance	Increase (Decrease)	Balance	
July 2, 2014	Capital increase through public offering	41,092	436,890	18,522	217,303	(Note 1)
July 30, 2014	Capital increase by way of a third-party allotment	4,110	441,000	1,852	219,155	(Note 2)
June 1, 2015	Capital increase through public offering	41,045	482,045	23,145	242,301	(Note 3)
June 24, 2015	Capital increase by way of a third-party allotment	1,955	484,000	1,102	243,403	(Note 4)

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

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

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

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

**4. Changes in Directors****4.1. Changes in Directors at the Investment Corporation**

Not applicable.

The incumbent Executive Director (Nobuaki Omura) has indicated his intent to resign from the post of Executive Director of the Investment Corporation at the close of the 9th General Meeting of Unitholders scheduled to be held on August 19, 2016. Accordingly, the Investment Corporation plans to submit a proposal for election of Executive Director at the General Meeting of Unitholders as follows. When the proposal is approved and passed, the following candidate will assume the post of Executive Director on the same day.

Candidate for Executive Director Yoshimi Murakami

Name	Career summary		Number of shares held
Yoshimi Murakami	Apr. 1974 Jan. 1990  Jul. 1994  Apr. 1999  Jun. 2001 Apr. 2005 Apr. 2007  Apr. 2009  Apr. 2010 Jun. 2012  Apr. 2013	Joined Daiwa Securities Co. Ltd. (currently, Daiwa Securities Group Inc.) General Manager, Branch Manager, Fukui Branch of Daiwa Securities Group Inc. General Manager, Investment Service (Corporate Institutions) Dept. (II) of Daiwa Securities Group Inc. General Manager, Head of Corporate Institutions Dept. II, Daiwa Securities SB Capital Markets Co. Ltd. Executive Officer, Head of Main Retail Branch, Daiwa Securities Co., Ltd. President, Daiwa Pension Consulting Co., Ltd. Managing Director, Deputy Head of Sales Division, Corporate Client Services Officer, Daiwa Securities Co., Ltd. and Senior Managing Director (part-time), Daiwa Investor Relations Co., Ltd. Senior Managing Director, Deputy Head of Sales Division, Daiwa Securities Co., Ltd. President, Daiwa Securities Business Center Co., Ltd. President, Daiwa Securities Business Center Co., Ltd. And President, Daiwa Pension Consulting Co., Ltd. Special Advisor, Daiwa Securities Business Center Co., Ltd.	—

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

There were changes in Directors at the Asset Management Company on March 31, 2016 and on April 1, 2016.

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

Title	Name	Career summary		Number of shares held
President and Representative Director	Akira Yamanouchi	Apr. 1986 Apr. 2002 May 2002  Mar. 2003  Aug. 2004  Feb. 2008  Feb. 2009 Jul. 2009  Apr. 2010 May 2010	Joined Marubeni Corporation Joined Pacific Management Corporation Temporarily transferred to Pacific Investment Advisors Corporation (currently, AD Investment Management Co., Ltd.) President and Representative Director of Pacific Investment Advisors Corporation (with employment transfer) Executive Director of Nippon Residential Investment Corporation (currently, Advance Residence Investment Corporation) President and Representative Director of Pacific Investment Partners Inc. (currently, Cushman & Wakefield Asset Management K.K.) Representative Director (part-time) 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 of Daiwa Real Estate Asset Management Co., Ltd. (current position)	—
Vice-President and Representative Director (Head of Business Planning)	Yuji Shinotsuka	Apr. 1989 Jun. 2009 Jul. 2009  Nov. 2009  Apr. 2011  Oct. 2012  Dec. 2012  Jan. 2014 Aug. 2014  Apr. 2016	Joined Daiwa Securities Co. Ltd. (currently, Daiwa Securities Group Inc.) Head of Corporate Planning Department Temporarily transferred to Daiwa Real Estate Asset Management Co., Ltd. Vice-President and Representative Director (Head of IR & Planning Department) Vice-President and Representative Director (Head of Corporate Planning Department) Vice-President and Representative Director (Head of Business Planning and Finance Department) Vice-President and Representative Director (Head of Business Planning Department) Executive Director of Daiwa Residential Private Investment Corporation (current position) Executive Director of Japan Health Care Investment Corporation Resigned from Executive Director of Japan Health Care Investment Corporation Transferred to Vice-President and Representative Director (Head of Business Planning) (current position)	—
Vice President and Representative Director (Head of Fund Management Department)	Yoshiki Nishigaki	Apr. 1992 May 2004 Feb. 2006  Mar. 2007 Mar. 2008 Nov. 2008  May 2010  Aug. 2010 Feb. 2011 Apr. 2012  Oct. 2013  Apr. 2014	Joined Cititrust & Banking Corporation Joined K.K. DaVinci Advisors Transferred to K.K. DaVinci Select (currently, Daiwa Real Estate Asset Management Co., Ltd.) Head of IR & Business Planning Department President and Representative Director Executive Director, DA Office Investment Corporation (currently, Daiwa Office Investment Corporation) Vice President and Representative Director, Daiwa Real Estate Asset Management Co., Ltd. Resigned from Executive Director, Daiwa Office Investment Corporation Vice-President and Representative Director (Head of Advisory Department) Vice-President and Representative Director (Head of Fund management Department) Vice-President and Representative Director (Head of Customer Relations Department and Fund management Department) Vice-President and Representative Director (Head of Fund management Department) (current position)	—

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Title	Name	Career summary		Number of shares held
Director (Head of Administration Department)	Naoyuki Owa	Apr. 1986 Apr. 1990 Jun. 2006  Oct. 2006 Jul. 2009	Joined Tokyo High Court as Court Administrative Official Joined Daiwa Securities Co. Ltd. (currently, Daiwa Securities Group Inc.) Head of Corporate Planning Department and Treasury Department of Daiwa Securities SMBC Co., Ltd. (currently, Daiwa Securities Capital Markets Co. Ltd.) Head of Corporate Planning Department of Daiwa Securities Group Inc. Temporarily transferred to Daiwa Real Estate Asset Management Co., Ltd. Director (Head of Administration Department) (current position)	—
Director (non-executive)	Mikita Komatsu	Apr. 1985 Oct. 2005  Oct. 2008  Apr. 2010 Apr. 2011 Apr. 2012  Apr. 2013 Apr. 2016 Jun. 2016	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. Senior Managing Director of Daiwa Securities Group Inc. Director, Senior Managing Director of Daiwa Securities Group Inc. (current position)	—
Director (non-executive)	Akihiko Ogino	Apr. 1989 Oct. 2008  Apr. 2010 Apr. 2011  Jul. 2011  Apr. 2014 Apr. 2016	Joined Daiwa Securities Co. Ltd. (currently, Daiwa Securities Group Inc.) Managing Director of Secretariat Office of Daiwa Securities Group Inc.  Managing Director of Corporate Planning Department Managing Director of Corporate Planning Department and Legal Department of Daiwa Securities Group Inc. Managing Director of Corporate Planning Department of Daiwa Securities Group Inc. Executive Officer of Daiwa Securities Group Inc. (current position) Director of Daiwa Real Estate Asset Management Co. Ltd. (non-executive) (current position)	—
Auditor	Tamaki Shibayama	Apr. 1982 Sept. 1986 Apr. 1999 Apr. 2002  Oct. 2010  Apr. 2012  Apr. 2015	Joined the Japan Chamber of Commerce and Industry Joined Daiwa Securities Co., Ltd. (currently Daiwa Securities Group Inc.) Transferred to Daiwa Securities SB Capital Markets Co., Ltd. General Manager of Initial Public 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)	—
Auditor (non-executive)	Morimasa Matsuda	Apr. 1989 Apr. 1999 Jun. 2000 Feb. 2003  Jun. 2007  Dec. 2009  Apr. 2011  Apr. 2013  Apr. 2016  Jun. 2016	Joined Daiwa Securities Co. Ltd. (currently, Daiwa Securities Group Inc.) Transferred to Daiwa Securities SB Capital Markets Co., Ltd. Transferred to Daiwa Securities Group Inc. Transferred to Daiwa Securities SMBC Co., Ltd. (currently Daiwa Securities Co. Ltd.) Head of Corporate Planning Department of Daiwa Securities SMBC Co. Ltd. Managing Director of Asia Strategic Planning Department of Daiwa Securities SMBC Co. Ltd. Managing Director of Investor Relations Office of Daiwa Securities Group Inc. Managing Director of Internal Audit Department of Daiwa Securities Group Inc. Executive Director of Daiwa Securities Group Inc. Auditor of Daiwa Real Estate Asset Management Co. Ltd. (non-executive) (current position) Director of Daiwa Securities Group Inc. (current position)	—

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Title	Name	Career summary		Number of shares held
Auditor (non-executive)	Shinji Kiso	Apr. 2001	Joined Daiwa Securities SMBC Co. Ltd. (currently, Daiwa Securities Co. Ltd.)	—
		Dec. 2009	Corporate Planning Department of Daiwa Securities Group Inc. (current position)	
		Jul. 2011	Corporate Planning Department of Daiwa Securities Co. Ltd. (current position)	
		Jun. 2013	Director (non-executive) of ASTMAX Co., Ltd. (current position)	
		May 2014	Auditor of Daiwa Real Estate Asset Management Co. Ltd. (non-executive) (current position)	
		Jun. 2015	Director (non-executive) of Money Partners Group Co., Ltd. (current position)	
		Jan. 2016	Auditor (non-executive) of IDI Infrastructures, Inc. (current position)	

(Note 1) Toshihiro Matsui retired as director (non-executive), effective March 31, 2016.

(Note 2) Masaru Shirataki retired as auditor (non-executive), effective March 31, 2016.

(Note 3) Akihiko Ogino assumed the office of director (non-executive), effective April 1, 2016.

(Note 4) Morimasa Matsuda assumed the office of auditor (non-executive), effective April 1 2016.

## 5. Reference Information

### 5.1. Investment Status

Type of asset	Use	Region	21st Fiscal Period (As of May 31, 2016)	
			Total amount owned (million yen) (Note 1)	As a percentage of total assets (%)
Real estate	Office	Five Central Wards of Tokyo	16,057	3.4
Trust beneficial interest in real estate	Office	Five Central Wards of Tokyo	385,920	81.0
		Greater Tokyo	34,351	7.2
		Major Regional Cities	14,784	3.1
Total			451,114	94.6
Deposits and other assets			25,575	5.4
Total amount of assets (Note 2)			476,690	100.0
			[451,114]	[94.6]

(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, 2016)**

**5.2.1. Price and Investment Ratio of Investment Real Estate Properties**

Region	Property name	Type of specified asset	Acquisition price (million yen) (Note 4)	Carrying amount (million yen) (Note 5)	Estimated price at end of period (million yen) (Note 6)	Investment ratio (%) (Note 7)
Five Central Wards of Tokyo (Note 1)	Daiwa Ginza	Real estate	14,100	13,243	16,300	3.1
	Daiwa Ginza Annex		3,050	2,814	3,440	0.7
	Daiwa Shibaura	Trust beneficial interest in real estate	8,265	8,005	7,520	1.8
	Daiwa Minami-Aoyama		4,550	4,454	4,360	1.0
	Daiwa Sarugakucho		3,190	3,211	3,340	0.7
	Daiwa A Hamamatsucho (Note 8)		2,865	2,822	3,320	0.6
	Daiwa Jingumae		2,800	2,700	2,290	0.6
	Daiwa Shibadaimon		2,578	2,389	2,900	0.6
	Daiwa Misakicho		2,346	2,185	2,680	0.5
	Daiwa Shimbashi 510		2,080	2,134	2,430	0.5
	Daiwa Tsukijiekimae		1,560	1,341	1,590	0.3
	Daiwa Tsukiji		1,240	1,164	1,390	0.3
	Daiwa Tsukishima		7,840	6,952	9,170	1.7
	Daiwa Nihonbashi Horidomecho		2,520	2,485	2,510	0.5
	Daiwa Azabudai		1,600	1,536	1,830	0.3
	Daiwa Kyobashi		3,460	3,300	3,270	0.8
	Daiwa Kojimachi 4-chome		2,910	2,865	2,690	0.6
	Daiwa Onarimon		13,860	13,449	13,100	3.0
	Shinjuku Maynds Tower (Note 8)		133,800	130,157	119,000	29.2
	SHIBUYA EDGE		5,900	5,708	4,750	1.3
	Daiwa Kodenmachi		2,460	2,400	2,110	0.5
	Daiwa Jimbocho		4,150	4,080	3,340	0.9
	Daiwa Nishi-Shimbashi		5,000	4,845	5,510	1.1
	Daiwa Kudan		4,000	3,803	3,360	0.9
	Daiwa Kayabacho Building		5,600	5,369	7,570	1.2
	Daiwa Jimbocho 3-chome		3,550	3,450	4,500	0.8
	E SPACE TOWER		24,000	23,664	32,500	5.2
	Daiwa Nihonbashi Hongokucho		1,721	1,641	2,190	0.4
	shinyon curumu		9,650	9,811	12,600	2.1
	Daiwa Akasaka		9,200	9,385	12,500	2.0
	Daiwa Shibuya Miyamasuzaka		7,000	7,233	8,580	1.5
	Azabu Green Terrace		14,000	14,239	15,700	3.1
	Daiwa Ebisu 4-chome		4,135	4,275	5,300	0.9
	LAQUAS Higashi Shinjuku		8,450	8,610	10,100	1.8
	Concept Aoyama	9,800	10,045	11,400	2.1	
	Shinsen Place	4,800	4,915	6,150	1.0	
	Glass City Shibuya	16,000	16,094	17,500	3.5	
	River Gate	28,000	28,190	29,900	6.1	
	Daiwa Hatchobori ekimae	2,871	2,974	3,130	0.6	
	Daiwa Hatchobori ekimae West	1,647	1,709	1,750	0.4	
	Nikko Building	13,710	13,983	14,400	3.0	
	Kirin Nihonbashi Building	8,180	8,326	8,220	1.8	
Total for Five Central Wards of Tokyo (42 properties)			408,438	401,978	426,190	89.1

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Region	Property name	Type of specified asset	Acquisition price (million yen) (Note 4)	Carrying amount (million yen) (Note 5)	Estimated price at end of period (million yen) (Note 6)	Investment ratio (%) (Note 7)
Greater Tokyo (Note 2)	Daiwa Higashi-Ikebukuro	Trust beneficial interest in real estate	2,958	2,727	3,580	0.6
	Daiwa Shinagawa North		7,710	7,267	5,870	1.7
	Daiwa Osaki 3-chome		1,650	1,649	2,270	0.4
	Daiwa Kamiooka		2,000	1,975	2,470	0.4
	Integral Tower		15,220	15,113	18,100	3.3
	Meguro Place Tower		5,600	5,616	6,290	1.2
Total for Greater Tokyo (6 properties)			35,138	34,351	38,580	7.7
Major Regional Cities (Note 3)	Daiwa Meieki	Trust beneficial interest in real estate	5,300	5,315	7,320	1.2
	Kitahama Grand Building		9,481	9,468	11,300	2.1
Total for Major Regional Cities (2 properties)			14,781	14,784	18,620	3.2
Total (50 properties)			458,357	451,114	483,390	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, 2016.

(Note 6) Estimated price at end of period is the price as of May 31, 2016 stated in appraisal reports prepared by real estate appraisers of Tanizawa Sogo Appraisal Co., Ltd., Daiwa Real Estate Appraisal Co., Ltd., Morii Appraisal & Investment Consulting, Inc. and Japan Real Estate Institute in accordance with the articles of incorporation of the Investment Corporation and the rules of The Investment Trusts Association, Japan.

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

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



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

Region	Property name	Structure and number of floors (Note 1)	Construction completion (Note 2)	Leasable floor area (m <sup>2</sup> ) (Note 3)	Leased floor area (m <sup>2</sup> ) (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	7,680.00	27	93.9	388,955
	Daiwa Ginza Annex	SRC B3 / 8F	Aug. 1972	2,032.11	2,032.11	7	100.0	89,018
	Daiwa Shibaura	SRC B1 / 12F	Oct. 1987	9,619.67	9,538.13	54	99.1	243,550
	Daiwa Minami-Aoyama	S / SRC B2 / 5F	Sept. 1990	2,715.54	2,304.37	5	84.8	123,516
	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	131,581
	Daiwa Jingumae	RC B1 / 4F	Dec. 1997	2,198.61	2,198.61	4	100.0	71,486
	Daiwa Shibadaimon	SRC / RC B1 / 7F	Nov. 1996	2,386.48	2,386.48	6	100.0	84,201
	Daiwa Misakichō (Note 8)	S 8F	July 1996	2,137.53	2,137.53	1	100.0	-
	Daiwa Shimbashi 510	SRC B1 / 8F	Apr. 1974	2,641.56	2,326.23	6	88.0	78,385
	Daiwa Tsukijiekimae	SRC 10F	Jan. 1996	2,659.59	2,659.59	6	100.0	55,724
	Daiwa Tsukiji	SRC B1 / 7F	Jan. 1990	1,487.82	1,328.52	4	89.2	45,389
	Daiwa Tsukishima	S 5F	July 1996	8,426.85	8,426.85	3	100.0	274,707
	Daiwa Nihonbashi Horidomechō	SRC B2 / 7F	Apr. 1993	2,850.81	2,850.81	8	100.0	82,806
	Daiwa Azabudai	SRC B2 / 9F	Apr. 1984	1,697.88	1,697.88	10	100.0	56,087
	Daiwa Kyobashi	SRC B1 / 8F	Oct. 1974	3,265.83	3,265.83	9	100.0	97,019
	Daiwa Kojimachi 4-chōme	SRC B2 / 9F	Oct. 1987	2,690.90	2,690.90	7	100.0	90,734
	Daiwa Onarimon	SRC 9F	Apr. 1973	11,614.92	11,614.92	7	100.0	337,495
	Shinjuku Maynds Tower (Note 9)	S / SRC B3 / 34F	Sept. 1995	45,543.97	45,012.19	35	98.8	2,455,214
	SHIBUYA EDGE	RC B1 / 9F	Aug. 2006	2,480.65	2,480.65	5	100.0	114,261
	Daiwa Kodenmachō	SRC 8F	Mar. 1985	2,379.31	2,379.31	8	100.0	63,626
	Daiwa Jimbochō	S B1 / 8F	Mar. 1997	3,164.26	3,164.26	7	100.0	103,433
	Daiwa Nishi-Shimbashi	SRC B1 / 10F	July 1993	4,815.84	4,815.84	11	100.0	156,566
	Daiwa Kudan	SRC 9F	Mar. 1987	2,882.61	2,882.61	6	100.0	98,947
Daiwa Kayabachō Building (Note 8)	S / SRC B1 / 8F	Apr. 2010	5,899.11	5,899.11	1	100.0	-	

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Region	Property name	Structure and number of floors (Note 1)	Construction completion (Note 2)	Leasable floor area (m <sup>2</sup> ) (Note 3)	Leased floor area (m <sup>2</sup> ) (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	110,547
	E SPACE TOWER	S / SRC B1 / 15F	Oct. 2002	13,960.87	13,960.87	6	100.0	785,083
	Daiwa Nihonbashi Hongokucho	S 8F	May 2010	2,143.08	2,143.08	6	100.0	60,579
	shinyon curumu	S / RC B2 / 11F	Jan. 2012	6,751.31	6,751.31	18	100.0	326,200
	Daiwa Shibuya Dougenzaka (Note 10)	SRC B1/11F	Mar. 1988	-	-	-	-	93,374
	Daiwa Akasaka	SRC B2/7F	Sept. 1990	8,739.17	8,739.17	20	100.0	311,393
	Daiwa Shibuya Miyamasuzaka	S B1/12F	Dec. 1988	6,327.95	6,327.95	8	100.0	233,581
	Azabu Green Terrace	S / RC B1 / 6F	Sept. 2009	13,234.39	12,560.80	10	94.9	413,576
	Daiwa Ebisu 4-chome (Note 8)	SRC B1/9	Dec. 1997	2,885.64	2,885.64	1	100.0	-
	LAQUAS Higashi Shinjuku	S 10F	Aug. 2010	7,498.33	7,498.33	4	100.0	225,363
	Concept Aoyama	S/RC B1/7F	Nov. 2001	4,421.79	4,045.73	4	91.4	215,914
	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	370,957
	River Gate	S/SRC/RC B2/20F	Feb. 1994	32,063.06	31,621.00	85	98.6	932,951
	Daiwa Hatchobori ekimae	S/SRC B1/10F	Feb. 2006	2,622.42	2,622.42	9	100.0	78,266
	Daiwa Hatchobori ekimae West	SRC B1/9F	Feb. 1996	1,723.15	1,723.15	8	100.0	44,901
	Nikko Building	SRC/RC/S B2/11F	Aug. 1991	6,967.61	6,924.71	7	99.3	85,050
	Kirin Nihonbashi Building (Note 8)	S/SRC 7F	Feb. 1999	5,630.17	5,630.17	1	100.0	-
Total for Five Central Wards of Tokyo (43 properties)				270,324.28	266,795.29	457	98.6	10,110,865
Greater Tokyo	Daiwa Higashi-Ikebukuro	SRC / S B1 / 9F	June 1993	4,461.47	4,461.47	7	100.0	122,206
	Daiwa Shinagawa North	SRC B1 / 11F	July 1991	6,548.17	6,548.17	14	100.0	188,044
	Daiwa Osaki 3-chome	S / RC B1 / 6F	Sept. 2007	1,786.06	1,409.70	4	78.9	60,999
	Daiwa Kamiooka	S / SRC B3 / 7F	May 2011	2,630.30	2,364.57	8	89.8	89,082
	Integral Tower (Note 11)	S/SRC B2/18F	June 1993	17,778.14	17,697.94	9	99.5	576,531
	Meguro Place Tower	S/SRC B2/14F	July 2009	3,519.50	3,519.50	14	100.0	138,929
Total for Greater Tokyo (6 properties)				36,723.64	36,001.35	56	98.0	1,175,793
Major Regional Cities	Daiwa Minami-Senba (Note 12)	SRC B1 / 8F	Sept. 1986	-	-	-	-	74,068
	Daiwa Meieki	S 12F	Dec. 2007	7,461.90	7,461.90	24	100.0	249,751
	Kitahama Grand Building	S / SRC B1 / 16F	Feb. 2008	13,517.62	13,517.62	6	100.0	337,322
Total for Major Regional Cities (3 properties)				20,979.52	20,979.52	30	100.0	661,142
Total (52 properties)				328,027.44	323,776.16	543	98.7	11,947,802

- (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, 2016.
- (Note 4) “Leased floor area” is the sum total of the floor area that is actually leased based on lease agreements, etc. executed with end-tenants as of May 31, 2016.
- (Note 5) “Total number of tenants” is the number of end-tenants. When there is a tenant occupying multiple buildings, the concerned tenant is counted and stated for each individual building.
- (Note 6) “Occupancy rate” is the figure arrived at when leased floor area is divided by leasable floor area, rounded down to one decimal place.
- (Note 7) “Rent revenue during current period” is rent income, common area charges income, parking lot income and other income generated from the applicable investment real estate property during the 21st 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 real estate in trust pertaining to trust beneficial interest held by the Investment Corporation is the common ownership interest corresponding to six-sevenths of the entire property. Accordingly, leasable floor area and leased floor area are the floor areas corresponding to six-sevenths of the entire building.
- (Note 10) The property was divested on April 1, 2016. This is reflected in the totals for the number of properties and the rent revenue during current period.
- (Note 11) The buildings consist of three registrations. Of these, the details of the major building are shown here.
- (Note 12) The property was divested on April 13, 2016. This is reflected in the totals for the number of properties and the rent revenue during current period.

### 5.2.3. Capital Expenditures for Assets under Management

#### A. Capital Expenditures for the 22nd 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)	Additional installment of security cameras	From: Aug. 2016 To: Nov. 2016	77	—	—
Daiwa Tsukishima (Chuo-ku, Tokyo)	Renovation work of toilets	From: Apr. 2016 To: Aug. 2016	75	—	—
Shinjuku Maynds Tower (Shibuya-ku, Tokyo)	Repair work of mechanical parking equipment	From: Jul. 2016 To: Nov. 2016	74	—	—
Daiwa Shibaura (Minato-ku, Tokyo)	Upgrading of elevators	From: Apr. 2016 To: Nov. 2016	63	—	—
Daiwa Jingumae (Shibuya-ku, Tokyo)	Upgrading of individual air-conditioning equipment	From: Jun. 2016 To: Jul. 2016	57	—	—

#### B. Capital Expenditures during the 21st Fiscal Period

The following summarizes the primary construction work that constitutes capital expenditures implemented during the 21st Fiscal Period. Capital expenditures for the 21st Fiscal Period amounted to 516 million yen and, when combined with the 403 million yen in repair expenses charged to the 21st Fiscal Period expenses, totals 920 million yen in construction work were implemented.

Name of real estate properties (Location)	Purpose	Period	Construction amount paid (million yen)
Shinjuku Maynds Tower (Shibuya-ku, Tokyo)	Replacement of hot-water coil	From: Mar. 2016 To: May 2016	123
River Gate (Chuo-ku, Tokyo)	Additional installment of special high voltage electric substation bank and MCB board	From: Jan. 2016 To: May 2016	84
Daiwa Kojimachi 4-chome (Chiyoda-ku, Tokyo)	Renewal work of elevators	From: Apr. 2016 To: May 2016	21
Other		From: Dec. 2015 To: May 2016	287
Total			516

#### 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	17th Fiscal Period	18th Fiscal Period	19th Fiscal Period	20th Fiscal Period	21st Fiscal Period
	[From: Dec. 1, 2013 To: May 31, 2014]	[From: June 1, 2014 To: Nov. 30, 2014]	[From: Dec. 1, 2014 To: May 31, 2015]	[From: June 1, 2015 To: Nov. 30, 2015]	[From: Dec. 1, 2015 To: May 31, 2016]
Balance of reserve at beginning of previous period	830	1,021	1,199	2,742	1,060
Amount of reserve in current period	794	764	1,678	—	1,255
Reversal of reserve in current period	603	586	135	1,682	472
Amount carried forward to next period	1,021	1,199	2,742	1,060	1,843

## 5.2.4. Summary of Estimated Price at End of Period (As of May 31, 2016)

Property name	Estimated price at end of period (million yen) (Note 1)	Summary of Appraisal Report				
		Direct capitalization method		DCF method		
		Price (million yen)	Cap rate (%)	Price (million yen)	Discount rate (%)	Terminal cap rate (%)
Daiwa Ginza	16,300	16,600	3.8	16,000	3.6	4.0
Daiwa Ginza Annex	3,440	3,470	3.7	3,410	3.5	3.9
Daiwa Shibaura	7,520	7,630	4.2	7,470	4.0	4.4
Daiwa Minami-Aoyama	4,360	4,410	4.1	4,300	3.9	4.3
Daiwa Sarugakuchō	3,340	3,390	4.7	3,290	4.5	4.9
Daiwa A Hamamatsucho (Note 2)	3,320	3,380	4.0	3,300	3.8	4.2
Daiwa Jingumae	2,290	2,310	4.0	2,270	3.8	4.2
Daiwa Shibadaimon	2,900	2,980	3.9	2,870	3.7	4.1
Daiwa Misakicho	2,680	2,710	4.2	2,660	4.0	4.4
Daiwa Shimbashi 510	2,430	2,480	4.3	2,370	4.1	4.5
Daiwa Tsukijiekimae (Note 3)	1,590	1,600	4.5	1,580	4.5	4.7
Daiwa Tsukiji	1,390	1,380	4.4	1,400	4.4	4.6
Daiwa Tsukishima	9,170	9,270	4.4	9,120	4.0	4.5
Daiwa Nihonbashi Horidomecho	2,510	2,550	4.3	2,470	4.1	4.5
Daiwa Azabudai	1,830	1,860	4.2	1,800	4.0	4.4
Daiwa Kyobashi	3,270	3,310	4.2	3,230	4.0	4.4
Daiwa Kojimachi 4-chome	2,690	2,710	3.9	2,670	3.7	4.1
Daiwa Onarimon	13,100	13,400	4.0	12,800	3.8	4.2
Shinjuku Maynds Tower (Note 4)	119,000	142,000	3.5	136,000	3.3	3.7
SHIBUYA EDGE	4,750	4,840	4.0	4,660	3.8	4.2
Daiwa Kodenmachi	2,110	2,130	4.5	2,090	4.3	4.7
Daiwa Jimbocho	3,340	3,420	4.3	3,300	4.3	4.5
Daiwa Nishi-Shimbashi	5,510	5,640	4.0	5,460	3.8	4.2
Daiwa Kudan	3,360	3,430	4.1	3,350	4.1	4.3
Daiwa Kayabacho Building	7,570	7,700	3.6	7,510	3.4	3.8
Daiwa Jimbocho 3-chome	4,500	4,600	3.6	4,450	3.4	3.8
E SPACE TOWER	32,500	33,100	3.6	31,800	3.4	3.8
Daiwa Nihonbashi Hongokuchō	2,190	2,220	4.2	2,170	4.0	4.4
shinyon curumu	12,600	12,800	3.5	12,500	3.3	3.7
Daiwa Akasaka	12,500	12,800	3.5	12,400	3.3	3.7
Daiwa Shibuya Miyamasuzaka	8,580	8,730	3.8	8,420	3.6	4.0
Azabu Green Terrace	15,700	15,800	4.1	15,600	3.8	4.2
Daiwa Ebisu 4-chome	5,300	5,270	3.9	5,310	3.7	4.1
LAQUAS Higashi Shinjuku	10,100	10,500	3.5	9,940	3.3	3.7
Concept Aoyama	11,400	11,500	3.6	11,300	3.3	3.7
Shinsen Place	6,150	6,230	3.6	6,120	3.5	3.8
Glass City Shibuya	17,500	17,600	3.7	17,300	3.4	3.8
River Gate	29,900	30,000	4.3	29,700	4.0	4.4
Daiwa Hatchobori ekimae	3,130	3,280	3.7	3,070	3.5	3.9
Daiwa Hatchobori ekimae West	1,750	1,830	3.8	1,720	3.6	4.0
Nikko Building	14,400	15,100	3.6	14,100	3.4	3.8
Kirin Nihonbashi Building	8,220	8,460	4.1	7,980	3.9	4.2
Daiwa Higashi-Ikebukuro	3,580	3,640	4.4	3,550	4.2	4.6

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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 Shinagawa North	5,870	5,980	4.5	5,750	4.3	4.7
Daiwa Osaki 3-chome	2,270	2,310	4.0	2,250	3.8	4.2
Daiwa Kamiooka	2,470	2,470	4.8	2,470	4.6	5.0
Integral Tower	18,100	18,500	4.0	17,900	3.8	4.2
Meguro Palace Tower	6,290	6,510	3.8	6,200	3.6	4.0
Daiwa Meieki	7,320	7,490	4.4	7,250	4.4	4.6
Kitahama Grand Building	11,300	11,600	4.0	11,100	3.8	4.2
Total	483,390	512,920	-	495,730	-	-

(Note 1) "Estimated price at end of period" is the price as of May 31, 2016 stated in appraisal reports prepared by real estate appraisers of Tanizawa Sogo Appraisal Co., Ltd., Daiwa Real Estate Appraisal Co., Ltd., Morii Appraisal & Investment Consulting, Inc. and Japan Real Estate Institute in accordance with the articles of incorporation of the Investment Corporation and the rules of The Investment Trusts Association, Japan.

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

(Note 3) Discount rate for Daiwa Tsukijiekimae is the figure after the 3rd fiscal year (4.4% in 2nd 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 21st Fiscal Period (from December 1, 2015 to May 31, 2016). Income (loss) information is presented in accordance with “3. Financial Statements; 3.7. Notes to Significant Accounting Policies” outlined earlier.

Region		Five Central Wards of Tokyo				
Property name		Daiwa Ginza	Daiwa Ginza Annex	Daiwa Shibaura	Daiwa Minami- Aoyama	Daiwa Sarugakucho (Note 4)
Acquisition date		Oct. 2005	Oct. 2005	Oct. 2005	Oct. 2005	Oct. 2005
Price information	Acquisition price (million yen)	14,100	3,050	8,265	4,550	3,190
	Investment ratio (%)	3.1	0.7	1.8	1.0	0.7
	Carrying amount (million yen)	13,243	2,814	8,005	4,454	3,211
	Estimated price at end of period (million yen)	16,300	3,440	7,520	4,360	3,340
Leasing information	Number of tenants (Note 1)	27	7	54	5	1
	Leasable floor area (m <sup>2</sup> )	8,175.26	2,032.11	9,619.67	2,715.54	3,657.43
	Leased floor area (m <sup>2</sup> )	7,680.00	2,032.11	9,538.13	2,304.37	3,657.43
	Occupancy rate (%)					
	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
End of Nov. 2015	93.9	100.0	98.7	100.0	100.0	
End of May 2016	93.9	100.0	99.1	84.8	100.0	
Income (loss) information	Number of days of asset management	183	183	183	183	183
	Total property leasing revenue (A) (thousand yen)	388,955	89,018	245,293	123,516	—
	Rent revenue – real estate	388,955	89,018	243,550	123,516	—
	Other lease business revenue	—	—	1,743	—	—
	Total property leasing expenses (B) (thousand yen)	169,150	40,205	92,731	43,655	—
	Consignment expenses	19,826	6,693	16,649	5,585	—
	Utilities expenses	24,964	5,910	19,980	6,440	—
	Taxes and dues	28,001	9,097	19,598	11,849	—
	Non-life insurance expenses	447	104	408	163	—
	Repair expenses	13,730	453	10,337	6,224	—
	Depreciation (C)	70,338	17,945	25,736	13,391	—
	Other lease business expenses	11,841	—	20	—	—
	Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen)	219,805	48,813	152,562	79,861	—
NOI (E) [(D) + (C)] (thousand yen)	290,143	66,759	178,298	93,252	84,830	
Capital expenditures (F) (thousand yen)	4,589	2,529	9,384	2,479	—	
NCF [(E) – (F)] (thousand yen)	285,554	64,229	168,914	90,772	84,830	
Reference information	Expense rate (%) [(B) ÷ (A)]	43.49	45.16	37.80	35.34	—
	Annual amount of fixed property tax, etc. for fiscal 2016 (thousand yen)	55,915	18,119	38,633	23,240	13,326
	Estimated long-term repair expenses (thousand yen) (Note 2)	346,060	86,510	347,210	185,215	171,199

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Region		Five Central Wards of Tokyo				
Property name		Daiwa A Hamamatsucho	Daiwa Jingumae	Daiwa Shibadaimon	Daiwa Misakicho (Note 4)	Daiwa Shimbashi 510
Acquisition date		Oct. 2005	Oct. 2005	Oct. 2005	Oct. 2005	Oct. 2005
Price information	Acquisition price (million yen)	2,865	2,800	2,578	2,346	2,080
	Investment ratio (%)	0.6	0.6	0.6	0.5	0.5
	Carrying amount (million yen)	2,822	2,700	2,389	2,185	2,134
	Estimated price at end of period (million yen)	3,320	2,290	2,900	2,680	2,430
Leasing information	Number of tenants (Note 1)	12	4	6	1	6
	Leasable floor area (m <sup>2</sup> )	3,663.38	2,198.61	2,386.48	2,137.53	2,641.56
	Leased floor area (m <sup>2</sup> )	3,663.38	2,198.61	2,386.48	2,137.53	2,326.23
	Occupancy rate (%)					
	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
End of Nov. 2015	100.0	100.0	100.0	100.0	99.6	
End of May 2016	100.0	100.0	100.0	100.0	88.0	
Income (loss) information	Number of days of asset management	183	183	183	183	183
	Total property leasing revenue (A) (thousand yen)	131,581	71,486	84,201	—	78,385
	Rent revenue – real estate	131,581	71,486	84,201	—	78,385
	Other lease business revenue	—	—	—	—	—
	Total property leasing expenses (B) (thousand yen)	73,767	23,688	29,274	—	38,467
	Consignment expenses	10,377	4,073	6,907	—	6,138
	Utilities expenses	8,960	5,162	6,199	—	5,988
	Taxes and dues	8,773	6,365	6,239	—	5,704
	Non-life insurance expenses	190	88	130	—	133
	Repair expenses	992	370	154	—	12,801
	Depreciation (C)	15,072	7,621	9,643	—	7,682
	Other lease business expenses	29,400	7	—	—	18
	Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen)	57,813	47,797	54,927	—	39,918
NOI (E) [(D) + (C)] (thousand yen)	72,886	55,418	64,570	61,321	47,600	
Capital expenditures (F) (thousand yen)	10,040	10,389	890	1,041	10,977	
NCF [(E) – (F)] (thousand yen)	62,846	45,029	63,680	60,280	36,623	
Reference information	Expense rate (%) [(B) ÷ (A)]	56.06	33.14	34.77	—	49.07
	Annual amount of fixed property tax, etc. for fiscal 2016 (thousand yen)	17,345	12,730	12,142	10,328	11,283
	Estimated long-term repair expenses (thousand yen) (Note 2)	100,430	117,930	150,927	182,856	169,555



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Region		Five Central Wards of Tokyo				
Property name		Daiwa Tsukijiekimae	Daiwa Tsukiji	Daiwa Tsukishima	Daiwa Nihonbashi Horidomecho	Daiwa Azabudai
Acquisition date		Jan. 2006	Jan. 2006	Mar. 2006	May 2006	May 2006
Price information	Acquisition price (million yen)	1,560	1,240	7,840	2,520	1,600
	Investment ratio (%)	0.3	0.3	1.7	0.5	0.3
	Carrying amount (million yen)	1,341	1,164	6,952	2,485	1,536
	Estimated price at end of period (million yen)	1,590	1,390	9,170	2,510	1,830
Leasing information	Number of tenants (Note 1)	6	4	3	8	10
	Leasable floor area (m <sup>2</sup> )	2,659.59	1,487.82	8,426.85	2,850.81	1,697.88
	Leased floor area (m <sup>2</sup> )	2,659.59	1,328.52	8,426.85	2,850.81	1,697.88
	Occupancy rate (%)					
	End of May 2014	100.0	100.0	100.0	100.0	100.0
	End of Nov. 2014	100.0	100.0	100.0	87.8	100.0
	End of May 2015	100.0	89.2	100.0	100.0	100.0
End of Nov. 2015	100.0	89.2	100.0	100.0	100.0	
End of May 2016	100.0	89.2	100.0	100.0	100.0	
Income (loss) information	Number of days of asset management	183	183	183	183	183
	Total property leasing revenue (A) (thousand yen)	55,724	45,389	274,707	82,806	57,467
	Rent revenue – real estate	55,724	45,389	274,707	82,806	56,087
	Other lease business revenue	–	–	–	–	1,380
	Total property leasing expenses (B) (thousand yen)	39,698	17,981	101,168	32,833	26,952
	Consignment expenses	4,300	3,817	12,029	5,203	3,731
	Utilities expenses	5,740	2,663	21,372	5,289	3,300
	Taxes and dues	5,072	3,866	13,681	6,706	4,911
	Non-life insurance expenses	104	67	309	141	79
	Repair expenses	10,968	271	160	1,420	6,252
	Depreciation (C)	13,493	7,295	53,615	14,072	8,677
	Other lease business expenses	18	–	–	–	–
	Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen)	16,025	27,407	173,539	49,972	30,515
NOI (E) [(D) + (C)] (thousand yen)	29,519	34,703	227,154	64,045	39,193	
Capital expenditures (F) (thousand yen)	148	–	–	3,747	2,371	
NCF [(E) – (F)] (thousand yen)	29,371	34,703	227,154	60,297	36,822	
Reference information	Expense rate (%) [(B) ÷ (A)]	71.24	39.62	36.83	39.65	46.90
	Annual amount of fixed property tax, etc. for fiscal 2016 (thousand yen)	10,113	7,666	27,332	13,192	9,805
	Estimated long-term repair expenses (thousand yen) (Note 2)	120,530	109,848	102,930	234,846	108,280

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Region		Five Central Wards of Tokyo				
Property name		Daiwa Kyobashi	Daiwa Kojimachi 4-chome	Daiwa Onarimon	Shinjuku Maynds Tower	SHIBUYA EDGE
Acquisition date		July 2006	Oct. 2006	Dec. 2006	July 2007 and Nov. 2007	July 2007
Price information	Acquisition price (million yen)	3,460	2,910	13,860	133,800	5,900
	Investment ratio (%)	0.8	0.6	3.0	29.2	1.3
	Carrying amount (million yen)	3,300	2,865	13,449	130,157	5,708
	Estimated price at end of period (million yen)	3,270	2,690	13,100	119,000	4,750
Leasing information	Number of tenants (Note 1)	9	7	7	35	5
	Leasable floor area (m <sup>2</sup> )	3,265.83	2,690.90	11,614.92	45,543.97	2,480.65
	Leased floor area (m <sup>2</sup> )	3,265.83	2,690.90	11,614.92	45,012.19	2,480.65
	Occupancy rate (%)					
	End of May 2014	100.0	100.0	100.0	94.7	100.0
	End of Nov. 2014	100.0	100.0	100.0	94.0	100.0
	End of May 2015	100.0	100.0	100.0	98.8	100.0
End of Nov. 2015	100.0	100.0	100.0	96.1	100.0	
End of May 2016	100.0	100.0	100.0	98.8	100.0	
Income (loss) information	Number of days of asset management	183	183	183	183	183
	Total property leasing revenue (A) (thousand yen)	97,019	90,734	337,495	2,455,214	114,261
	Rent revenue – real estate	97,019	90,734	337,495	2,455,214	114,261
	Other lease business revenue	–	–	–	–	–
	Total property leasing expenses (B) (thousand yen)	48,225	40,698	111,463	1,117,289	37,773
	Consignment expenses	6,980	5,844	15,912	161,946	6,878
	Utilities expenses	7,870	6,228	22,702	271,207	6,905
	Taxes and dues	7,114	14,935	34,928	247,651	7,250
	Non-life insurance expenses	138	154	429	3,938	112
	Repair expenses	6,382	1,690	6,601	47,639	419
	Depreciation (C)	19,739	11,843	30,890	380,807	16,207
	Other lease business expenses	–	–	–	4,098	–
	Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen)	48,794	50,036	226,031	1,337,925	76,488
NOI (E) [(D) + (C)] (thousand yen)	68,534	61,880	256,922	1,718,732	92,695	
Capital expenditures (F) (thousand yen)	6,913	24,961	1,337	155,135	529	
NCF [(E) – (F)] (thousand yen)	61,621	36,918	255,585	1,563,596	92,166	
Reference information	Expense rate (%) [(B) ÷ (A)]	49.71	44.85	33.03	45.51	33.06
	Annual amount of fixed property tax, etc. for fiscal 2016 (thousand yen)	14,096	29,659	69,813	501,241	14,474
	Estimated long-term repair expenses (thousand yen) (Note 2)	140,200	169,753	459,880	4,460,870	62,460

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Region		Five Central Wards of Tokyo				
Property name		Daiwa Kodenmacho	Daiwa Jimbocho	Daiwa Nishi- Shimbashi	Daiwa Kudan	Daiwa Kayabacho Building (Note 4)
Acquisition date		Aug. 2007	Mar. 2010	Aug. 2010	Sept. 2010	Mar. 2011
Price information	Acquisition price (million yen)	2,460	4,150	5,000	4,000	5,600
	Investment ratio (%)	0.5	0.9	1.1	0.9	1.2
	Carrying amount (million yen)	2,400	4,080	4,845	3,803	5,369
	Estimated price at end of period (million yen)	2,110	3,340	5,510	3,360	7,570
Leasing information	Number of tenants (Note 1)	8	7	11	6	1
	Leasable floor area (m <sup>2</sup> )	2,379.31	3,164.26	4,815.84	2,882.61	5,899.11
	Leased floor area (m <sup>2</sup> )	2,379.31	3,164.26	4,815.84	2,882.61	5,899.11
	Occupancy rate (%)					
	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	100.0
	End of May 2015	100.0	100.0	96.3	100.0	100.0
	End of Nov. 2015	100.0	100.0	100.0	100.0	100.0
End of May 2016	100.0	100.0	100.0	100.0	100.0	
Income (loss) information	Number of days of asset management	183	183	183	183	183
	Total property leasing revenue (A) (thousand yen)	63,626	103,433	156,566	98,947	—
	Rent revenue – real estate	63,626	103,433	156,566	98,947	—
	Other lease business revenue	—	—	—	—	—
	Total property leasing expenses (B) (thousand yen)	22,505	47,613	79,996	48,148	—
	Consignment expenses	4,053	6,447	18,853	5,751	—
	Utilities expenses	4,470	7,324	9,697	6,517	—
	Taxes and dues	3,637	10,894	15,736	8,747	—
	Non-life insurance expenses	100	144	244	120	—
	Repair expenses	63	1,038	1,455	2,280	—
	Depreciation (C)	9,356	21,501	34,006	24,731	—
	Other lease business expenses	822	263	3	—	—
	Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen)	41,120	55,819	76,570	50,799	—
NOI (E) [(D) + (C)] (thousand yen)	50,477	77,321	110,577	75,530	144,399	
Capital expenditures (F) (thousand yen)	389	1,038	2,785	—	1,232	
NCF [(E) – (F)] (thousand yen)	50,088	76,282	107,791	75,530	143,166	
Reference information	Expense rate (%) [(B) ÷ (A)]	35.37	46.03	51.09	48.66	—
	Annual amount of fixed property tax, etc. for fiscal 2016 (thousand yen)	7,293	21,459	31,228	17,446	24,919
	Estimated long-term repair expenses (thousand yen) (Note 2) (Note 3)	100,234	128,200	187,580	181,610	125,988

## Daiwa Office Investment Corporation (8976) Financial Report for the 21st Fiscal Period

Region		Five Central Wards of Tokyo				
Property name		Daiwa Jimbocho 3-chome	E-SPACE TOWER	Daiwa Nihonbashi Hongokucho	shinyon curumu	Daiwa Shibuya Dougenzaka (Note 5)
Acquisition date		Mar. 2011	July 2011	May 2012	Dec. 2012 and Apr. 2013	July 2013
Price information	Acquisition price (million yen)	3,550	24,000	1,721	9,650	—
	Investment ratio (%)	0.8	5.2	0.4	2.1	—
	Carrying amount (million yen)	3,450	23,664	1,641	9,811	—
	Estimated price at end of period (million yen)	4,500	32,500	2,190	12,600	—
Leasing information	Number of tenants (Note 1)	8	6	6	18	—
	Leasable floor area (m <sup>2</sup> )	2,889.34	13,960.87	2,143.08	6,751.31	—
	Leased floor area (m <sup>2</sup> )	2,889.34	13,960.87	2,143.08	6,751.31	—
	Occupancy rate (%)					
	End of May 2014	88.1	89.1	100.0	96.3	100.0
	End of Nov. 2014	100.0	100.0	100.0	100.0	100.0
	End of May 2015	100.0	96.4	100.0	100.0	100.0
End of Nov. 2015	100.0	100.0	100.0	100.0	91.9	
End of May 2016	100.0	100.0	100.0	100.0	—	
Income (loss) information	Number of days of asset management	183	183	183	183	122
	Total property leasing revenue (A) (thousand yen)	110,547	785,083	60,579	326,200	93,374
	Rent revenue – real estate	110,547	785,083	60,579	326,200	93,374
	Other lease business revenue	—	—	—	—	—
	Total property leasing expenses (B) (thousand yen)	43,411	229,399	27,074	113,890	60,488
	Consignment expenses	7,298	51,141	5,624	22,153	8,784
	Utilities expenses	6,637	45,927	3,373	21,251	10,312
	Taxes and dues	9,395	56,893	4,420	33,622	20,128
	Non-life insurance expenses	127	672	77	334	143
	Repair expenses	200	9,342	410	669	5,976
	Depreciation (C)	19,751	64,921	13,169	35,834	15,144
	Other lease business expenses	—	500	—	25	—
	Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen)	67,135	555,684	33,505	212,309	32,885
NOI (E) [(D) + (C)] (thousand yen)	86,887	620,606	46,674	248,144	48,030	
Capital expenditures (F) (thousand yen)	802	25,802	480	—	—	
NCF [(E) – (F)] (thousand yen)	86,084	594,803	46,194	248,144	48,030	
Reference information	Expense rate (%) [(B) ÷ (A)]	39.27	29.22	44.69	34.91	64.78
	Annual amount of fixed property tax, etc. for fiscal 2016 (thousand yen)	18,715	113,542	8,802	66,956	—
	Estimated long-term repair expenses (thousand yen) (Note 2) (Note 3)	82,470	574,150	22,401	65,855	—

## Daiwa Office Investment Corporation (8976) Financial Report for the 21st Fiscal Period

Region		Five Central Wards of Tokyo				
Property name		Daiwa Akasaka	Daiwa Shibuya Miyamasuzaka	Azabu Green Terrace	Daiwa Ebisu 4-chome (Note 4)	LAQUAS Higashi Shinjuku
Acquisition date		Aug. 2013	Sept. 2013	Jul. 2014	Dec. 2014	Dec. 2014
Price information	Acquisition price (million yen)	9,200	7,000	14,000	4,135	8,450
	Investment ratio (%)	2.0	1.5	3.1	0.9	1.8
	Carrying amount (million yen)	9,385	7,233	14,239	4,275	8,610
	Estimated price at end of period (million yen)	12,500	8,580	15,700	5,300	10,100
Leasing information	Number of tenants (Note 1)	20	8	10	1	4
	Leasable floor area (m <sup>2</sup> )	8,739.17	6,327.95	13,234.39	2,885.64	7,498.33
	Leased floor area (m <sup>2</sup> )	8,739.17	6,327.95	12,560.80	2,885.64	7,498.33
	Occupancy rate (%)					
	End of May 2014	100.0	100.0	—	—	—
	End of Nov. 2014	85.8	100.0	100.0	—	—
	End of May 2015	85.8	100.0	100.0	0.0	100.0
End of Nov. 2015	88.4	100.0	100.0	100.0	100.0	
End of May 2016	100.0	100.0	94.9	100.0	100.0	
Income (loss) information	Number of days of asset management	183	183	183	183	183
	Total property leasing revenue (A) (thousand yen)	311,393	233,581	458,576	—	225,363
	Rent revenue – real estate	311,393	233,581	413,576	—	225,363
	Other lease business revenue	—	—	45,000	—	—
	Total property leasing expenses (B) (thousand yen)	125,530	90,538	174,763	—	79,297
	Consignment expenses	25,779	23,820	41,068	—	11,402
	Utilities expenses	34,721	15,811	43,614	—	13,753
	Taxes and dues	33,101	19,977	31,841	—	20,342
	Non-life insurance expenses	433	303	616	—	319
	Repair expenses	4,361	7,207	7,101	—	1,031
	Depreciation (C)	26,933	23,357	50,391	—	32,290
	Other lease business expenses	200	60	130	—	158
	Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen)	185,862	143,042	283,812	—	146,066
NOI (E) [(D) + (C)] (thousand yen)	212,796	166,400	334,204	39,407	178,357	
Capital expenditures (F) (thousand yen)	1,434	48,782	2,715	4,147	—	
NCF [(E) – (F)] (thousand yen)	211,361	117,617	331,489	35,260	178,357	
Reference information	Expense rate (%) [(B) ÷ (A)]	40.31	38.76	38.11	—	35.19
	Annual amount of fixed property tax, etc. for fiscal 2016 (thousand yen)	66,117	39,952	63,176	17,851	40,533
	Estimated long-term repair expenses (thousand yen) (Note 2)	430,612	416,816	325,054	115,410	125,440

## Daiwa Office Investment Corporation (8976) Financial Report for the 21st Fiscal Period

Region		Five Central Wards of Tokyo				
Property name		Concept Aoyama	Shinsen Place (Note 4)	Glass City Shibuya	River Gate	Daiwa Hatchobori ekimae
Acquisition date		Mar. 2015	Mar. 2015	May 2015	Jun. 2015	Sep. 2015
Price information	Acquisition price (million yen)	9,800	4,800	16,000	28,000	2,871
	Investment ratio (%)	2.1	1.0	3.5	6.1	0.6
	Carrying amount (million yen)	10,045	4,915	16,094	28,190	2,974
	Estimated price at end of period (million yen)	11,400	6,150	17,500	29,900	3,130
Leasing information	Number of tenants (Note 1)	4	1	11	85	9
	Leasable floor area (m <sup>2</sup> )	4,421.79	2,811.35	8,566.73	32,063.06	2,622.42
	Leased floor area (m <sup>2</sup> )	4,045.73	2,811.35	8,566.73	31,621.00	2,622.42
	Occupancy rate (%)					
	End of May 2014	—	—	—	—	—
	End of Nov. 2014	—	—	—	—	—
	End of May 2015	85.9	100.0	100.0	—	—
	End of Nov. 2015	100.0	100.0	100.0	95.3	100.0
End of May 2016	91.4	100.0	100.0	98.6	100.0	
Income (loss) information	Number of days of asset management	183	183	183	183	183
	Total property leasing revenue (A) (thousand yen)	241,533	—	384,623	935,993	78,266
	Rent revenue – real estate	215,914	—	370,957	932,951	78,266
	Other lease business revenue	25,618	—	13,666	3,041	—
	Total property leasing expenses (B) (thousand yen)	50,769	—	83,213	439,324	25,694
	Consignment expenses	12,342	—	20,892	89,787	7,544
	Utilities expenses	8,226	—	25,747	132,117	6,982
	Taxes and dues	0	—	333	68	46
	Non-life insurance expenses	162	—	379	1,858	133
	Repair expenses	12,599	—	3,671	63,033	987
	Depreciation (C)	17,436	—	32,188	152,338	9,955
	Other lease business expenses	—	—	—	120	46
	Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen)	190,764	—	301,410	496,669	52,571
	NOI (E) [(D) + (C)] (thousand yen)	208,201	131,248	333,598	649,007	62,527
Capital expenditures (F) (thousand yen)	6,402	6,068	2,620	124,002	350	
NCF [(E) – (F)] (thousand yen)	201,798	125,179	330,978	525,005	62,177	
Reference information	Expense rate (%) [(B) ÷ (A)]	21.02	—	21.64	46.94	32.83
	Annual amount of fixed property tax, etc. for fiscal 2016 (thousand yen)	25,451	16,250	53,901	201,569	17,811
	Estimated long-term repair expenses (thousand yen) (Note 2)	97,530	112,510	202,340	1,970,900	114,190

## Daiwa Office Investment Corporation (8976) Financial Report for the 21st Fiscal Period

Region		Five Central Wards of Tokyo			Greater Tokyo	
Property name		Daiwa Hatchobori ekimae West	Nikko Building	Kirin Nihonbashi Building (Note 4)	Daiwa Higashi-Ikebukuro	Daiwa Shinagawa North
Acquisition date		Sep. 2015	Mar. 2016	May 2016	Oct. 2005	July 2007
Price information	Acquisition price (million yen)	1,647	13,710	8,180	2,958	7,710
	Investment ratio (%)	0.4	3.0	1.8	0.6	1.7
	Carrying amount (million yen)	1,709	13,983	8,326	2,727	7,267
	Estimated price at end of period (million yen)	1,750	14,400	8,220	3,580	5,870
Leasing information	Number of tenants (Note 1)	8	7	1	7	14
	Leasable floor area (m <sup>2</sup> )	1,723.15	6,967.61	5,630.17	4,461.47	6,548.17
	Leased floor area (m <sup>2</sup> )	1,723.15	6,924.71	5,630.17	4,461.47	6,548.17
	Occupancy rate (%)					
	End of May 2014	—	—	—	92.2	100.0
	End of Nov. 2014	—	—	—	100.0	100.0
	End of May 2015	—	—	—	100.0	90.0
Income (loss) information	Number of days of asset management	183	64	6	183	183
	Total property leasing revenue (A) (thousand yen)	44,901	85,050	—	122,206	189,574
	Rent revenue – real estate	44,901	85,050	—	122,206	188,044
	Other lease business revenue	—	—	—	—	1,530
	Total property leasing expenses (B) (thousand yen)	13,462	17,456	—	58,301	91,382
	Consignment expenses	4,643	5,478	—	10,756	16,176
	Utilities expenses	3,668	3,190	—	12,192	15,107
	Taxes and dues	15	8	—	8,594	18,442
	Non-life insurance expenses	68	110	—	228	351
	Repair expenses	915	—	—	3,220	7,531
	Depreciation (C)	4,140	8,667	—	23,309	33,772
	Other lease business expenses	10	1	—	—	—
	Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen)	31,439	67,593	—	63,905	98,192
	NOI (E) [(D) + (C)] (thousand yen)	35,580	76,260	5,879	87,215	131,964
Capital expenditures (F) (thousand yen)	—	544	—	5,254	8,199	
NCF [(E) – (F)] (thousand yen)	35,580	75,715	5,879	81,960	123,765	
Reference information	Expense rate (%) [(B) ÷ (A)]	29.98	20.53	—	47.71	48.20
	Annual amount of fixed property tax, etc. for fiscal 2016 (thousand yen)	7,995	—	—	17,120	35,647
	Estimated long-term repair expenses (thousand yen) (Note 2)	84,620	284,170	216,720	228,260	331,160

## Daiwa Office Investment Corporation (8976) Financial Report for the 21st Fiscal Period

Region		Greater Tokyo				Major Regional Cities
Property name		Daiwa Osaki 3-chome	Daiwa Kamiooka	Integral Tower	Meguro Place Tower	Daiwa Minami-Senba (Note 5)
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	—
	Investment ratio (%)	0.4	0.4	3.3	1.2	—
	Carrying amount (million yen)	1,649	1,975	15,113	5,616	—
	Estimated price at end of period (million yen)	2,270	2,470	18,100	6,290	—
Leasing information	Number of tenants (Note 1)	4	8	9	14	—
	Leasable floor area (m <sup>2</sup> )	1,786.06	2,630.30	17,778.14	3,519.50	—
	Leased floor area (m <sup>2</sup> )	1,409.70	2,364.57	17,697.94	3,519.50	—
	Occupancy rate (%)					
	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
End of Nov. 2015	100.0	100.0	99.5	100.0	100.0	
End of May 2016	78.9	89.8	99.5	100.0	—	
Income (loss) information	Number of days of asset management	183	183	183	183	134
	Total property leasing revenue (A) (thousand yen)	60,999	89,082	576,531	138,929	74,068
	Rent revenue – real estate	60,999	89,082	576,531	138,929	74,068
	Other lease business revenue	—	—	—	—	—
	Total property leasing expenses (B) (thousand yen)	24,383	37,535	387,755	44,863	63,178
	Consignment expenses	3,697	5,645	51,992	12,308	9,299
	Utilities expenses	2,977	6,873	74,437	8,635	10,206
	Taxes and dues	3,903	6,357	44,206	187	16,406
	Non-life insurance expenses	70	121	900	179	182
	Repair expenses	2,392	654	121,846	85	90
	Depreciation (C)	11,342	17,864	93,991	22,562	26,994
	Other lease business expenses	—	18	380	905	—
	Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen)	36,615	51,546	188,775	94,065	10,890
NOI (E) [(D) + (C)] (thousand yen)	47,957	69,410	282,767	116,628	37,884	
Capital expenditures (F) (thousand yen)	922	711	24,258	—	—	
NCF [(E) – (F)] (thousand yen)	47,035	68,698	258,508	116,628	37,884	
Reference information	Expense rate (%) [(B) ÷ (A)]	39.97	42.14	67.26	32.29	85.30
	Annual amount of fixed property tax, etc. for fiscal 2016 (thousand yen)	7,870	12,666	88,260	26,776	—
	Estimated long-term repair expenses (thousand yen) (Note 2)	37,912	24,782	834,324	110,053	—



## Daiwa Office Investment Corporation (8976) Financial Report for the 21st 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 (%)	1.2	2.1
	Carrying amount (million yen)	5,315	9,468
	Estimated price at end of period (million yen)	7,320	11,300
Leasing information	Number of tenants (Note 1)	24	6
	Leasable floor area (m <sup>2</sup> )	7,461.90	13,517.62
	Leased floor area (m <sup>2</sup> )	7,461.90	13,517.62
	Occupancy rate (%)		
	End of May 2014	98.4	—
	End of Nov. 2014	100.0	100.0
	End of May 2015	98.5	100.0
	End of Nov. 2015	100.0	100.0
Income (loss) information	Number of days of asset management	183	183
	Total property leasing revenue (A) (thousand yen)	249,751	337,322
	Rent revenue – real estate	249,751	337,322
	Other lease business revenue	—	—
	Total property leasing expenses (B) (thousand yen)	96,832	148,977
	Consignment expenses	21,561	24,957
	Utilities expenses	15,810	33,183
	Taxes and dues	20,152	32,935
	Non-life insurance expenses	394	599
	Repair expenses	3,893	4,020
	Depreciation (C)	35,020	53,184
	Other lease business expenses	—	96
	Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen)	152,918	188,344
	NOI (E) [(D) + (C)] (thousand yen)	187,938	241,529
Capital expenditures (F) (thousand yen)	—	130	
NCF [(E) – (F)] (thousand yen)	187,938	241,399	
Reference information	Expense rate (%) [(B) ÷ (A)]	38.77	44.16
	Annual amount of fixed property tax, etc. for fiscal 2016 (thousand yen)	40,581	65,728
	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 Shibuya Dougenzaka and Daiwa Minami-Senba were divested on April 1, 2016 and April 13, 2016, respectively.