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## REIT Financial Report for the 18th Fiscal Period

January 23, 2015

Name of REIT Issuer:	Daiwa Office Investment Corporation	Stock Exchange Listing: TSE
Stock Code No.:	8976	URL: <a href="http://www.daiwa-office.co.jp">http://www.daiwa-office.co.jp</a>
Representative:	Nobuaki Omura, Executive Director	
Name of Asset Manager:	Daiwa Real Estate Asset Management Co., Ltd.	
Representative:	Akira Yamanouchi, President and Representative Director	
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Scheduled date of submission of periodic securities report ( <i>yuka shoken hokokusho</i> ):	February 23, 2015
Scheduled date of start of distribution payments:	February 13, 2015

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

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

### 1. Status of Management and Assets for the 18th Fiscal Period

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

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

#### (1) Management

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

	Operating revenue		Operating income		Ordinary income		Net income	
18th Period	¥9,763 million	13.7%	¥4,438 million	18.0%	¥3,642 million	21.2%	¥3,641 million	20.7%
17th Period	¥8,587 million	1.8%	¥3,760 million	2.3%	¥3,005 million	1.7%	¥3,016 million	1.9%

	Net income per unit	Net income to unitholders' equity	Ordinary income to total assets	Ordinary income to operating revenue
18th Period	¥8,414	1.7%	0.9%	37.3%
17th Period	¥7,620	1.5%	0.8%	35.0%

#### (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
18th Period	¥8,256	¥3,640 million	¥0	¥– million	100.0%	1.6%
17th Period	¥7,621	¥3,016 million	¥0	¥– million	100.0%	1.5%

#### (3) Financial Position

	Total assets	Net assets	Unitholders' equity to total assets	Net assets per unit
18th Period	¥399,555 million	¥222,593 million	55.7%	¥504,746
17th Period	¥380,723 million	¥201,655 million	53.0%	¥509,490

## (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
18th Period	¥4,886 million	(¥24,030 million)	¥14,373 million	¥17,767 million
17th Period	¥7,969 million	(¥15,396 million)	¥13,040 million	¥22,537 million

**2. Management Status Forecasts for the 19th Fiscal Period and 20th Fiscal Period****19th Fiscal Period: Fiscal period ending May 2015 (from December 1, 2014 to May 31, 2015)****20th Fiscal Period: Fiscal period ending November 2015 (from June 1, 2015 to November 30, 2015)**

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

	Operating revenue		Operating income		Ordinary income		Net income	
19th Period	¥10,221 million	4.7%	¥4,680 million	5.4%	¥3,911 million	7.4%	¥3,884 million	6.7%
20th Period	¥10,284 million	0.6%	¥4,749 million	1.5%	¥3,971 million	1.5%	¥3,969 million	2.2%

	Distribution amount per unit (excluding distribution amount in excess of earnings)	Distribution amount in excess of earnings per unit
19th Period	¥8,700	¥0
20th Period	¥9,000	¥0

(Reference) Estimated net income per unit for the 19th Fiscal Period: ¥8,808; 20th Fiscal Period: ¥9,000

**3. Other**

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

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

## (2) Number of Investment Units Issued and Outstanding

- (i) Number of investment units issued and outstanding at end of period (including treasury units):  
18th Fiscal Period: 441,000 units      17th Fiscal Period: 395,798 units
- (ii) Number of treasury units at end of period:  
18th Fiscal Period: – units      17th Fiscal Period: – units

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

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

The forecast figures set forth herein are the current prospects based on information currently available to the Investment Corporation and contain elements of uncertainty. Accordingly, the actual operating revenue, operating income, ordinary income, net income and distribution amount per unit may vary due to changes in the status. Moreover, the forecasts set forth herein should not be construed as a guarantee of distribution amounts. For details on the assumptions underlying the forecast figures above, please refer to “2. Management Policy and Management Status; 2.2. Management Status; Assumptions for the Management Status Forecasts for the 19th Fiscal Period and 20th Fiscal Period” on page 10.

## 1. Affiliated Juridical Persons of the Investment Corporation

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

## 2. Management Policy and Management Status

### 2.1. Management Policy

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

### 2.2. Management Status

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

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

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

Though initial assets under management were 79,573 million yen (sum total of acquisition price), subsequent activities, such as additional acquisition of properties and replacement of portfolio properties, resulted in the assets under management amounting to 387,557 million yen as of the last day of November 2014.

The Investment Corporation strives to secure stable revenue and sustained growth of the investment assets based on a clear portfolio development policy of specializing in investment in office buildings, with a particular focus on investment in a total floor area of more than about 2,000m<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 June 2014 to November 2014)

The Japanese economy during the fiscal period under review saw a recovery of corporate performance due to the Abe administration’s economic policies and the continuation of large-scale monetary easing policy of Bank of Japan as well as due to the gradual increase of exports centering on the US with the depreciation of the yen, recovery of consumption due to the asset effect accompanying high stock prices, front-loading of public investment and such. In addition, the negative impact on consumption following the consumption tax hike is thought to have generally subdued and the Japanese economy is expected to gradually recovery such as with the impact of wage growth due to the improvement of corporate employment.

In the office building leasing market in central Tokyo, with new supply having settled down, the vacancy rate took a turn after peaking in June 2013, dropping to 5.55% at the end of November 2014. Led by improvement in the vacancy rate for large buildings, the overall vacancy rate that includes small- to medium-sized buildings is also on an improving trend. The drop in the vacancy rate is leading to a stronger sense that office rent is also bottoming out, and rent increases were seen for large buildings in some areas. The market as a whole continues to see increase in rent, albeit slight.

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

###### b. Management Performance

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

Concerning external growth, the Investment Corporation acquired “Azabu Green Terrace” (acquisition price: 14,000 million yen) in July 2014 and “Kitahama Grand Building” (acquisition price: 9,481 million yen) in August 2014. As a result, the Investment Corporation’s assets under management as of the end of the 18th Fiscal Period (November 30, 2014) totaled 46 properties, the sum total of acquisition prices of which amounted to 387,557 million yen.

Concerning internal growth, while the office leasing market weakened, the Investment Corporation conducted proactive leasing, such as capturing needs for floor expansion within the same property through strengthening relationships with existing tenants and reinforcing collaboration with leasing brokers and property managers. As a result, the occupancy rate as of the end of the 18th Fiscal Period (November 30, 2014) was 97.2%.

##### C. Overview of Capital Procurement

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

In the 18th Fiscal Period, the Investment Corporation issued the following investment units to fund the acquisition of new properties.

- A public offering of 41,092 issued units at 450,746 yen per unit, a total paid-in price of 18,522,054,632 yen with the payment date on July 2, 2014, as well as a third-party allotment of 4,110 issued units at 450,746 yen per unit, a total paid-in price of 1,852,566,060 yen with the payment date on July 30, 2014 were implemented to fund the acquisition of new properties (Azabu Green Terrace (acquired July 4, 2014) and Kitahama Grand Building (acquired August 1, 2014)).

**b. Procurement of Capital for Repayment of Borrowings and Redemption of Investment Corporation Bonds**

In the 18th Fiscal Period, the Investment Corporation made the following borrowings and issuance of investment corporation bonds to fund the repayment of borrowings that were due for repayment and early redemption of investment corporation bonds.

- A total amount of 17,500 million yen was borrowed from Sumitomo Mitsui Banking Corporation, Mizuho Trust & Banking Co., Ltd. and Shinsei Bank, Ltd. on July 8, 2014 to fund part of the repayment of the 19,000 million yen borrowed from Sumitomo Mitsui Banking Corporation, Mizuho Trust & Banking Co., Ltd., Aozora Bank Ltd. and Shinsei Bank, Ltd. that was due for repayment on July 8, 2014.
- The 3rd unsecured investment corporation bonds of 3,000 million yen and 4th unsecured investment corporation bonds of 2,100 million yen were issued on September 12, 2014 to fund part of the repayment of the 3,000 million yen borrowed from Sumitomo Mitsui Banking Corporation and Sumitomo Mitsui Trust Bank Limited that was due for repayment on September 17, 2014 and the early redemption of 3,500 million yen of the 1st unsecured investment corporation bonds that was due on September 17, 2014.

**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 18th Fiscal Period (November 30, 2014) stood at 160,800 million yen (short-term loans payable: 2,500 million yen; long-term loans payable: 153,200 million yen; investment corporation bonds: 5,100 million yen). The balance of the current portion of long-term loans payable stood at 16,600 million yen.

Concerning borrowings in the 18th Fiscal Period, the Investment Corporation made borrowings centering on periods of between 6 years and 8 years, extending the average remaining period from 3.82 years (17th Fiscal Period) to 4.39 years (18th Fiscal Period). Furthermore, liabilities costs were lowered by reducing credit spreads. Furthermore, the Investment Corporation concluded the interest-rate swap agreement in the 18th fiscal Period to fixate future interest payment for the total borrowing of 20,300 million yen in order to offset the risks of the possible increase of the interest rate.

**List of Borrowings in the 18th Fiscal Period**

Lender	Loan amount (million yen)	Drawdown date	Repayment date	Loan period
Sumitomo Mitsui Banking Corporation	2,000	2014/7/8	2019/11/29	5.4 years
Mizuho Trust and Banking Co., Ltd.	3,000	2014/7/8	2020/11/30	6.4 years
Sumitomo Mitsui Banking Corporation	2,000	2014/7/8	2020/11/30	6.4 years
Sumitomo Mitsui Banking Corporation	3,500	2014/7/8	2021/11/30	7.4 years
Sumitomo Mitsui Banking Corporation	4,000	2014/7/8	2022/5/31	7.9 years
Shinsei Bank, Ltd.	1,000	2014/7/8	2022/8/31	8.2 years
Sumitomo Mitsui Banking Corporation	2,000	2014/7/8	2022/11/30	8.4 years

**Balance of Borrowings from Each Financial Institution (as of November 30, 2014)**

Lender	End of the 18th Fiscal Period (million yen)	Share
Sumitomo Mitsui Banking Corporation	31,400	20.17
Sumitomo Mitsui Trust Bank, Limited	19,350	12.43
Development Bank of Japan Inc.	18,750	12.04
Mizuho Bank, Ltd.	13,900	8.93
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	11,500	7.39
Shinsei Bank, Ltd.	11,000	7.06
Resona Bank, Ltd.	9,000	5.78
Mitsubishi UFJ Trust and Banking Corporation	5,000	3.21
Kansai Urban Banking Corporation	5,000	3.21
Mizuho Trust and Banking Co., Ltd.	5,000	3.21
Aozora Bank, Ltd.	4,500	2.89
The Bank of Fukuoka, Ltd.	4,000	2.57
ORIX Bank Corporation	2,500	1.61
The Gunma Bank, Ltd.	2,500	1.61

The Shizuoka Bank, Ltd.	2,000	1.28
Tokio Marine & Nichido Fire Insurance Co., Ltd.	2,000	1.28
The Musashino Bank, Ltd.	2,000	1.28
The Higashi-Nippon Bank, Limited	1,500	0.96
The Hiroshima Bank, Ltd.	1,000	0.64
The Kagawa Bank, Ltd.	1,000	0.64
The 77 Bank, Ltd.	1,000	0.64
The Bank of Yokohama, Ltd.	500	0.32
The Yamaguchi Bank, Ltd.	500	0.32
Taiyo Life Insurance Company	300	0.19
Nippon Life Insurance Company	300	0.19
Fukoku Mutual Life Insurance Company	200	0.13
Total	155,700	100.00%

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

**b. Rating Information (as of November 30, 2014)**

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

**c. Shelf Registration**

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

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

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

As a result of the management described above, the Investment Corporation posted financial performance for the 18th Fiscal Period of 9,763 million yen in operating revenue, 4,438 million yen in operating income, 3,642 million yen in ordinary income and 3,641 million yen in net income.

Concerning distributions, to ensure that the amount equivalent to distributions from earnings would be included in the amount of tax-deductible expenses based on application of special provisions for taxation of corporation tax (Article 67-15 of the Act on Special Measures Concerning Taxation (Act No. 26 of 1957; including amendments thereto) (the "Special Taxation Measures Act")), the Investment Corporation decided to distribute the entire amount of unappropriated retained earnings, excluding fractions of the distribution amount per unit that are less than 1 yen. Accordingly, the Investment Corporation declared a distribution amount per unit of 8,256 yen.

**(2) Outlook for the Next Fiscal Period****A. Investment Environment**

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

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

In the 18th Fiscal Period, the Investment Corporation acquired "Azabu Green Terrace," which is located in Tokyo and "Kitahama Grand Building" which is located in Osaka. The Investment Corporation believes that acquisition of these properties will contribute to further stabilization and enhancement of the portfolio. The Investment Corporation will continue to strive to acquire properties in line with the investment strategy described above.

**c. Financial Strategy**

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

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

**C. Significant Subsequent Events****① Acquisition of Assets**

- a. The Investment Corporation acquired a trust beneficial interest in real estate on December 1, 2014 as follows.

## Summary of Asset Acquired

Property name	Daiwa Ebisu 4-chome
Type of asset	Trust beneficial interest in domestic real estate
Location	4-9-10 Ebisu, Shibuya-ku, Tokyo
Acquisition price	4,135.2 million yen (excluding associated acquisition costs, consumption tax, etc.)
Date of conclusion of purchase agreement	October 16, 2014
Date of delivery	December 1, 2014
Seller (Note)	Not disclosed

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

- b. The Investment Corporation acquired a trust beneficial interest in real estate on December 3, 2014 as follows.

## Summary of Asset to be Acquired

Property name	LAQUAS Higashi Shinjuku
Type of asset	Trust beneficial interest in domestic real estate
Location	2-2-6 Okubo, Shinjuku-ku, Tokyo
Acquisition price	8,450 million yen (excluding associated acquisition costs, consumption tax, etc.)
Date of conclusion of purchase agreement	November 25, 2014
Date of delivery	December 3, 2014
Seller	Higashi Shinjuku Building Tokutei Mokuteki Giasha

- c. The Investment Corporation determined on January 13, 2015 to acquire a trust beneficial interest in real estates as follows.

## Summary of Asset Acquired

Property name	Concept Aoyama	Shinsen Place
Type of asset	Trust beneficial interest in domestic real estate	Trust beneficial interest in domestic real estate
Location	3-1-30 Jingumae, Shibuya-ku, Tokyo	9-1 Shinsencho, Shibuya-ku, Tokyo
Acquisition price	9,800 million yen (excluding associated acquisition costs, consumption tax, etc.)	4,800 million yen (excluding associated acquisition costs, consumption tax, etc.)
Date of conclusion of purchase agreement	January 13, 2015	January 13, 2015
Date of delivery	March 2, 2015 (scheduled)	March 2, 2015 (scheduled)
Seller (Note)	Not disclosed	Not disclosed

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

**② Transfer of Assets**

The Investment Corporation determined on January 13, 2015 to transfer trust beneficial interest in real estates as follows.

## Summary of Asset Acquired

Property name	Daiwa Nihombashi Honcho	Daiwa Ginza 1-chome	Daiwa Kinshicho
Type of asset	Trust beneficial interest in domestic real estate	Trust beneficial interest in domestic real estate	Trust beneficial interest in domestic real estate
Sales price (Note 1) (Note 2)	15,500 million yen		
Date of conclusion of purchase agreement	January 13, 2015	January 13, 2015	January 13, 2015
Date of delivery	February 2, 2015 (scheduled)	February 2, 2015 (scheduled)	February 2, 2015 (scheduled)
Buyer (Note 3)	Not disclosed	Not disclosed	Not disclosed

(Note 1) The sales price excludes settlement money for fixed property tax and city planning tax as well as consumption tax and local consumption tax

(Note 2) Individual sales prices are undisclosed as consent of the buyers was not obtained due to the acquisitions' relation to the buyers' business plans following the acquisitions.

(Note 3) Buyers are domestic corporations which have not agreed to disclose its name.

**③ Borrowing of Funds**

- a. The Investment Corporation borrowed funds on December 1, 2014 as below.

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

## Details of borrowings

Lender	Drawdown date	Loan amount (million yen)	Interest rate	Repayment date	Borrowing / Repayment method
Sumitomo Mitsui Banking Corporation	December 1, 2014	1,000	JBA 1 month Japanese Yen TIBOR + 0.35% (Note 1)	May 31, 2023	Unsecured Repayment in lump sum
The Bank of Tokyo-Mitsubishi UFJ, Ltd.		1,000	JBA 1 month Japanese Yen TIBOR + 0.30% (Note 1)	May 31, 2022	
Mizuho Bank, Ltd.		1,000	JBA 1 month Japanese Yen TIBOR + 0.325% (Note 1)	November 30, 2022	
Shinsei Bank, Ltd.		1,000	IBA 3month Japanese Yen LIBOR + 0.35% (Note 2)	May 31, 2023	

(Note 1) Interest payments shall be paid at the end of every month (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.) and the repayment date. 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.

(Note 2) Interest payments shall be made at the end of February, May, August and November (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.) and the repayment date. Interest Rate is calculated based on IBA 3 month Japanese Yen LIBOR which is announced two business days prior to the first day of the applicable calculation period.

- b. The Investment Corporation borrowed funds on December 3, 2014 as below.

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

## Details of borrowings

Lender	Drawdown date	Loan amount (million yen)	Interest rate	Repayment date	Borrowing / Repayment method
Sumitomo Mitsui Banking Corporation	December 3, 2014	1,500	JBA 1 month Japanese Yen TIBOR + 0.35% (Note)	May 31, 2023	Unsecured Repayment in lump sum
The Bank of Tokyo-Mitsubishi UFJ, Ltd.		1,000	JBA 1 month Japanese Yen TIBOR + 0.30% (Note)	May 31, 2022	
Mizuho Bank, Ltd.		1,500	JBA 1 month Japanese Yen TIBOR + 0.325% (Note)	November 30, 2022	
Sumitomo Mitsui Trust Bank, Limited		1,000	JBA 1 month Japanese Yen TIBOR + 0.325% (Note)	November 30, 2022	
Development Bank of Japan Inc.		1,000	0.692% (Fixed Rate)	November 30, 2021	
Resona Bank Limited		1,500	JBA 1 month Japanese Yen TIBOR + 0.325% (Note)	November 30, 2022	
Mitsubishi UFJ Trust and Banking Corporation		1,000	JBA 1 month Japanese Yen TIBOR + 0.275% (Note)	November 30, 2021	



- c. The Investment Corporation borrowed funds on January 13, 2015 as below.

The funds were borrowed to provide for the acquisition of the new property listed above in “c. Acquisition of Assets (i),” etc. but the loans shall be canceled if the transfers of property indicated in “(2) Transfer of Assets” are completed as scheduled and the funds from the transfers are to be used to fund the purchase. The loans are with special agreement which allows termination of contract without expenses, etc. if they are to be canceled.

Details of borrowings

Lender	Drawdown date	Loan amount (million yen)	Interest rate	Repayment date	Borrowing / Repayment method
Sumitomo Mitsui Banking Corporation	March 2, 2015 (scheduled)	4,000	JBA 1 month Japanese Yen TIBOR + 0.3% (Note)	September 2, 2015	Unsecured Repayment in lump sum
Sumitomo Mitsui Trust Bank, Limited		3,000			
Mizuho Bank, Ltd.		2,500			
The Bank of Tokyo-Mitsubishi UFJ, Ltd.		2,500			
Shinsei Bank, Ltd.		2,000			

(Note) Interest payments shall be made on the 2nd of every month (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.) and the repayment date. 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 19th Fiscal Period (fiscal period ending May 2015 (from December 1, 2014 to May 31, 2015)). For the assumptions underlying the management status forecasts, please refer to the “Assumptions for the Management Status Forecasts for the 19th Fiscal Period and 20th Fiscal Period” on page 10.

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

Operating revenue	10,221 million yen
Operating income	4,680 million yen
Ordinary income	3,911 million yen
Net income	3,884 million yen
Distribution amount per unit	8,700 yen
Distribution amount in excess of earnings per unit	- yen

In addition, on the basis that the “Assumptions for the Management Status Forecasts for the 19th Fiscal Period and 20th Fiscal Period” will remain unchanged, the Investment Corporation forecasts the following management status for the 20th Fiscal Period (fiscal period ending November 2015 (from June 1, 2015 to November 30, 2015)).

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

Operating revenue	10,284 million yen
Operating income	4,749 million yen
Ordinary income	3,971 million yen
Net income	3,969 million yen
Distribution amount per unit	9,000 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 19th Fiscal Period and 20th Fiscal Period**

Item	Assumptions
Assets under management	<ul style="list-style-type: none"> <li>• 19th Fiscal Period: Assets under management are assumed to be the 46 properties owned as of November 30, 2014, plus 4 properties acquired in December 2014 and scheduled to be acquired in March 2015, to total 50 properties.</li> <li>• 20th Fiscal Period From the total of 47 properties (46 properties owned as of November 30, 2014, plus 4 properties acquired in December 2014 and scheduled to be acquired in March 2015, minus 3 properties scheduled to be transferred in February 2015), while transfers have not been determined as of now, transfer of portfolio properties other than those indicated above are expected for the 19th Fiscal Period, and so assets under management assumes the 47 properties minus the properties expected to be transferred.</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>• Approx. 200 million yen of gain on sales of real estate properties through the transfer of existing properties is expected in the 19th 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 5,572 million yen in the 19th Fiscal Period and 5,801 million yen in the 20th Fiscal Period.</li> <li>• Consignment expenses are expected to be 755 million yen in the 19th Fiscal Period and 711 million yen in the 20th Fiscal Period.</li> <li>• Taxes and dues (fixed property tax, city planning tax, etc.) are expected to be 803 million yen in the 19th Fiscal Period and 885 million yen in the 20th Fiscal Period.</li> <li>• Depreciation is expected to be 1,532 million yen in the 19th Fiscal Period and 1,491 million yen in the 20th Fiscal Period.</li> </ul>
Non-operating expenses	<ul style="list-style-type: none"> <li>• Non-operating expenses in the 19th Fiscal Period are expected to be 769 million yen, of which the interest expenses, interest expenses on investment corporation bonds, and borrowing related expenses are expected to be 764 million yen.</li> <li>• Non-operating expenses in the 20th Fiscal Period are expected to be 778 million yen, of which the interest expenses, interest expenses on investment corporation bonds, and borrowing related expenses are expected to be 773 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 173,300 million yen at the end of the 19th Fiscal Period and 173,300 million yen at the end of the 20th Fiscal Period.</li> <li>• It is assumed that 3,000 million yen in loans that is to become due for repayment on February 27, 2015, 7,500 million yen in loans that is to become due for repayment on March 31, 2015 and 2,500 million yen in loans that is to become due for repayment on May 29, 2015 will be refinanced in the entire amounts. In addition, a total of 12,500 million yen was newly borrowed to fund the acquisition of new properties announced on October 16, 2014 and November 25, 2014 (4,000 million yen for the acquisition of Daiwa Ebisu 4-chome (borrowed on December 1, 2014) and 8,500 million yen for the acquisition of LAQUAS Higashi Shinjuku (borrowed on December 3, 2014)). Furthermore, a loan agreement for a total of 14,000 million yen to fund the acquisition of Concept Aoyama and Shinsen Place was announced on January 13, 2015, but the transfers of Daiwa Nihombashi Honcho, Daiwa Ginza 1-chome and Daiwa Kinshicho were announced on the same day and proceeds from the transfers will be used to fund the acquisitions. Therefore, the loan agreement is scheduled to be canceled and it is assumed that the loans for the acquisition will not be made.</li> <li>• It is assumed that the 4,500 million yen in loans that is to become due for repayment on August 31, 2015 and the 1,600 million yen in loans that is to become due for repayment on November 30, 2015 will be refinanced in the entire amount.</li> </ul>
Number of investment units issued and outstanding	<ul style="list-style-type: none"> <li>• The number of investment units issued and outstanding is assumed to be the 441,000 units issued and outstanding as of the date of submission of this document, and there is assumed to be no additional issuance of investment units through to November 30, 2015.</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>• Part of the gain on transfer from the transfers of Daiwa Niombashi Honcho, Daiwa Ginza 1-chome and Daiwa Kinshicho expected for the 19th Fiscal Period is assumed to be retained as internal</li> </ul>

Item	Assumptions
	<p>reserves with the application of the system of “Special Provisions for Taxation in the Case of Advance Acquisition of Land, etc. in 2009 and 2010,” and upon recording of income taxes—deferred (24 million yen), the remaining amount is assumed to be carried over as reserve for advanced depreciation (47 million yen).</p> <ul style="list-style-type: none"> <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

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

(c) Risk that assets to be acquired cannot be incorporated into the portfolio or assets to be transferred cannot be transferred

The Investment Corporation has concluded purchase agreements for trust beneficial interest in the following assets and future acquisitions are scheduled (purchase agreements dated January 13, 2015, acquisitions scheduled for March 2, 2015).

· Concept Aoyama

· Shinsen Place

In addition, the Investment Corporation has concluded purchase agreements for trust beneficial interest in the following assets and future transfers are scheduled (purchase agreements dated January 13, 2015, transfers scheduled for February 2, 2015).

· Daiwa Nihombashi Honcho

· Daiwa Ginza 1-chome

· Daiwa Kinshicho

However, the Investment Corporation may not be able to acquire or transfer the properties above as scheduled because of cancellation of the purchase agreements due to such factors as significant changes in the market environment, financing environment, etc. or individual circumstances of the seller, buyer or the Investment Corporation during the period from the date of this document to asset acquisition or sale, and this may result in harming unitholders.

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

(v) Risk concerning forward commitments

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

The Investment Corporation has concluded purchase agreements for trust beneficial interest in the following assets and future acquisitions are scheduled (purchase agreements dated January 13, 2015, acquisitions scheduled for March 2, 2015).

· Concept Aoyama

· Shinsen Place

These purchase agreements fall under the category of the forward commitments above. If there is a violation of any of the provisions of the purchase agreements with the seller of the properties by either the Investment Corporation or the seller, the other party can cancel the purchase agreement and demand an amount equivalent to 10% of the purchasing price as a penalty.

### 3. Financial Statements

#### 3.1. Balance Sheets

(Unit: thousand yen)

	17th Fiscal Period [As of May 31, 2014]	18th Fiscal Period [As of Nov. 30, 2014]
Assets		
Current assets		
Cash and deposits	16,842,863	12,984,949
Cash and deposits in trust	5,694,864	4,782,914
Operating accounts receivable	292,388	303,995
Consumption taxes receivable	135,051	243,388
Prepaid expenses	307,951	322,520
Deferred tax assets	3,729	1,488
Other	80,830	62,838
Total current assets	23,357,677	18,702,095
Noncurrent assets		
Property, plant and equipment		
Buildings	3,092,757	3,099,008
Accumulated depreciation	(1,454,946)	(1,542,328)
Buildings, net	1,637,811	1,556,679
Structures	10,296	10,296
Accumulated depreciation	(2,461)	(2,730)
Structures in trust, net	7,834	7,566
Tools, furniture and fixtures	8,947	18,538
Accumulated depreciation	(6,042)	(6,638)
Tools, furniture and fixtures, net	2,905	11,899
Land	12,302,226	12,302,226
Construction in progress	3,871	4,031
Buildings in trust	80,499,042	89,130,153
Accumulated depreciation	(16,541,892)	(17,907,783)
Buildings in trust, net	*1 63,957,149	*1 71,222,370
Structures in trust	887,486	908,701
Accumulated depreciation	(146,565)	(159,022)
Structures in trust, net	740,921	749,679
Machinery and equipment in trust	781,249	826,878
Accumulated depreciation	(401,379)	(425,369)
Machinery and equipment in trust, net	379,869	401,509
Tools, furniture and fixtures in trust	108,841	116,862
Accumulated depreciation	(57,254)	64,114
Tools, furniture and fixtures in trust, net	51,586	52,748
Other in trust	5,909	5,909
Accumulated depreciation	(5,909)	(5,909)
Other in trust, net	-	-
Land in trust	273,990,050	289,916,770
Construction in progress in trust	433,065	548,058
Total property, plant and equipment	353,507,294	376,773,540

## Daiwa Office Investment Corporation (8976) Financial Report for the 18th Fiscal Period

(Unit: thousand yen)

	17th Fiscal Period [As of May 31, 2014]	18th Fiscal Period [As of Nov. 30, 2014]
<b>Intangible assets</b>		
Right of trademark	1,259	1,071
Leasehold rights	2,407,101	2,407,101
Leasehold rights in trust	306,884	306,884
Other	4,925	3,857
<b>Total intangible assets</b>	<b>2,720,171</b>	<b>2,718,915</b>
<b>Investments and other assets</b>		
Lease and guarantee deposits in trust	113,684	113,684
Long-term prepaid expenses	942,443	1,094,349
Deferred tax assets	70,133	104,136
Other	10,020	10,020
<b>Total investments and other assets</b>	<b>1,136,282</b>	<b>1,322,190</b>
<b>Total noncurrent assets</b>	<b>357,363,748</b>	<b>380,814,647</b>
<b>Deferred assets</b>		
Investment corporation bonds issuance costs	1,717	38,282
<b>Total deferred assets</b>	<b>1,717</b>	<b>38,282</b>
<b>Total assets</b>	<b>380,723,143</b>	<b>399,555,025</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Operating accounts payable	904,316	941,244
Short-term loans payable	5,500,000	2,500,000
Current portion of long-term loans payable	29,500,000	16,600,000
Accounts payable – other	461,153	336,672
Income taxes payable	844	975
Accrued consumption taxes	16,051	-
Advances received	971,476	1,156,701
Other	365,068	95,501
<b>Total current liabilities</b>	<b>37,718,910</b>	<b>21,631,096</b>
<b>Noncurrent liabilities</b>		
Investment corporation bonds	3,500,000	5,100,000
Long-term loans payable	125,200,000	136,600,000
Tenant leasehold and security deposits	7,674,101	9,451,317
Tenant leasehold and security deposits in trust	4,769,695	3,874,580
Derivatives liabilities	205,310	304,937
<b>Total noncurrent liabilities</b>	<b>141,349,107</b>	<b>155,330,836</b>
<b>Total liabilities</b>	<b>179,068,017</b>	<b>176,961,932</b>
<b>Net Assets</b>		
<b>Unitholders' equity</b>		
Unitholders' capital	198,780,951	219,155,572
<b>Surplus</b>		
Unappropriated retained earnings (undisposed loss)	3,016,510	3,641,156
<b>Total surplus</b>	<b>3,016,510</b>	<b>3,641,156</b>
<b>Total unitholders' equity</b>	<b>201,797,461</b>	<b>222,796,728</b>
<b>Valuation and translation adjustments</b>		
Deferred gains or losses on hedges	(142,335)	(203,635)
<b>Total valuation and translation adjustments</b>	<b>(142,335)</b>	<b>(203,635)</b>
<b>Total net assets</b>	<b>*2 201,655,126</b>	<b>*2 222,593,092</b>
<b>Total liabilities and net assets</b>	<b>380,723,143</b>	<b>399,555,025</b>

## 3.2. Statements of Income

(Unit: thousand yen)

	17th Fiscal Period [From: Dec. 1, 2013 To: May 31, 2014]		18th Fiscal Period [From: June 1, 2014 To: Nov. 30, 2014]	
Operating revenue				
Rent revenue – real estate	*1	8,491,129	*1	9,693,133
Other lease business revenue	*1	92,758	*1	70,577
Gain on sales of real estate properties	*2	3,610	*2	-
Total operating revenue		8,587,498		9,763,710
Operating expenses				
Expenses related to rent business	*1	3,931,000	*1	4,324,674
Asset management fees		710,204		802,292
Asset custody fees		18,162		19,653
Administrative service fees		62,686		71,490
Trust fees		22,026		22,678
Directors' compensation		5,400		5,400
Other operating expenses		77,284		78,529
Total operating expenses		4,826,763		5,324,718
Operating income		3,760,734		4,438,992
Non-operating income				
Interest income		931		610
Reversal of distribution payable		630		638
Miscellaneous income		4,068		1,688
Total non-operating income		5,630		2,937
Non-operating expenses				
Interest expenses		554,143		546,610
Interest expenses on investment corporation bonds	*3	47,448	*3	35,641
Borrowing expenses		151,045		166,053
Investment unit issuance expenses		-		46,104
Other		7,938		5,513
Total non-operating expenses		760,575		799,924
Ordinary income		3,005,789		3,642,006
Extraordinary income				
Gain on donation of noncurrent assets		11,484		-
Total extraordinary income		11,484		-
Income before income taxes		3,017,273		3,642,006
Income taxes – current		929		987
Income taxes – deferred		4		(3)
Total income taxes		933		983
Net income		3,016,340		3,641,022
Retained earnings brought forward		170		133
Unappropriated retained earnings (undisposed loss)		3,016,510		3,641,156

**3.3. Statements of Unitholders' Equity**

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

(Unit: thousand yen)

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

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

(Unit: thousand yen)

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

## 3.4. Statements of Cash Distributions

Item	17th Fiscal Period [From: Dec. 1, 2013 To: May 31, 2014]	18th Fiscal Period [From: June 1, 2014 To: Nov. 30, 2014]
	Amount (yen)	Amount (yen)
I. Unappropriated retained earnings	3,016,510,262	3,641,156,268
II. Distribution amount [Distribution amount per unit]	3,016,376,558 [7,621]	3,640,896,000 [8,256]
III. Retained earnings carried forward	133,704	260,268
Method for calculating distribution amount	Pursuant to the policy that “the Investment Corporation shall distribute an amount in excess of the amount equivalent to 90% of its distributable earnings as defined in Article 67-15 of the Act on Special Measures Concerning Taxation” but no more than the amount of earnings as specified in Article 32, Item 1 of the Investment Corporation’s articles of incorporation, the Investment Corporation decided the distributions from earnings that it shall pay out shall be the maximum value of the integral multiple of the number of units issued and outstanding (395,798 units) in an amount that is not in excess of unappropriated retained earnings. Accordingly, the Investment Corporation declared a distribution amount of 3,016,376,558 yen. Furthermore, the Investment Corporation shall not distribute cash in excess of earnings as stipulated in Article 32, Item 2 of its articles of incorporation.	Pursuant to the policy that “the Investment Corporation shall distribute an amount in excess of the amount equivalent to 90% of its distributable earnings as defined in Article 67-15 of the Act on Special Measures Concerning Taxation” but no more than the amount of earnings as specified in Article 32, Item 1 of the Investment Corporation’s articles of incorporation, the Investment Corporation decided the distributions from earnings that it shall pay out shall be the maximum value of the integral multiple of the number of units issued and outstanding (441,000 units) in an amount that is not in excess of unappropriated retained earnings. Accordingly, the Investment Corporation declared a distribution amount of 3,640,896,000 yen. Furthermore, the Investment Corporation shall not distribute cash in excess of earnings as stipulated in Article 32, Item 2 of its articles of incorporation.



## 3.5. Statements of Cash Flows

(Unit: thousand yen)

	17th Fiscal Period [From: Dec. 1, 2013 To: May 31, 2014]	18th Fiscal Period [From: June 1, 2014 To: Nov. 30, 2014]
Net cash provided by (used in) operating activities		
Income before income taxes	3,017,273	3,642,006
Depreciation and amortization	1,357,076	1,498,701
Amortization of investment corporation bonds issuance costs	2,867	3,009
Investment unit issuance expenses	–	46,104
Interest income	(931)	(610)
Interest expenses	601,592	582,252
(Increase) Decrease in operating accounts receivable	6,849	(11,606)
(Increase) Decrease in consumption taxes refund receivable	(135,051)	(108,337)
(Increase) Decrease in prepaid expenses	(18,256)	(14,569)
Increase (decrease) in operating accounts payable	(74,232)	71,448
Increase (decrease) in accounts payable – other	60,440	(10,530)
Increase (decrease) in accrued consumption taxes	(80,257)	(16,051)
Increase (decrease) in advances received	(5,993)	185,224
(Increase) Decrease in long-term prepaid expenses	(163,695)	(151,906)
Decrease from sales of property, plant and equipment in trust	3,776,563	–
Other, net	226,221	(235,379)
Subtotal	8,570,465	5,479,755
Interest income received	931	610
Interest expenses paid	(601,109)	(592,677)
Income taxes paid	(896)	(856)
Net cash provided by (used in) operating activities	7,969,391	4,886,832
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(22,821)	(9,503)
Purchase of property, plant and equipment in trust	(15,910,756)	(24,902,658)
Purchase of intangible assets	(3,024)	–
Proceeds from tenant security deposits	615,668	740,833
Proceeds from tenant security deposits in trust	755,378	865,635
Repayments of tenant security deposits	(670,820)	(587,447)
Repayments of tenant security deposits in trust	(160,460)	(136,920)
Net cash provided by (used in) investing activities	(15,396,834)	(24,030,060)
Net cash provided by (used in) financing activities		
Proceeds from short-term loans payable	2,500,000	–
Repayment of short-term loans payable	–	(3,000,000)
Proceeds from long-term loans payable	28,400,000	17,500,000
Repayment of long-term loans payable	(14,900,000)	(19,000,000)
Proceeds from issuance of investment corporation bonds	–	5,060,426
Redemption of investment corporation bonds redeemable	–	(3,500,000)
Proceeds from issuance of investment units	–	20,328,516
Dividends paid	(2,959,802)	(3,015,578)
Net cash provided by (used in) financing activities	13,040,197	14,373,364
Net increase (decrease) in cash and cash equivalents	5,612,755	(4,769,863)
Cash and cash equivalents at beginning of period	16,924,971	22,537,727
Cash and cash equivalents at end of period	*1 22,537,727	*1 17,767,863

**3.6. Notes to the Going Concern**

Not applicable.

**3.7. Notes to Significant Accounting Policies**

1. Accumulated depreciation method for noncurrent assets	<p>(1) Property, plant and equipment (including trust assets) The straight-line method is adopted. The useful life of primary property, plant and equipment are as follows:</p> <table border="0"> <tr> <td>Buildings</td> <td>2~64 years</td> </tr> <tr> <td>Structures</td> <td>4~56 years</td> </tr> <tr> <td>Machinery and equipment</td> <td>2~23 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	2~23 years	Tools, furniture and fixtures	5~18 years
Buildings	2~64 years								
Structures	4~56 years								
Machinery and equipment	2~23 years								
Tools, furniture and fixtures	5~18 years								
2. Accounting policies for deferred assets	Investment corporation bonds issuance costs Amortized using the straight-line method over the period up to redemption.								
3. Accounting standards for recording revenues and expenses	Accounting for fixed property tax, etc. Concerning fixed property tax, city planning tax, depreciated asset tax, etc. for owned real estate in trust, of the tax amount that has been broken down into installments, the method of accounting for the amount corresponding to the concerned fiscal period as expenses related to rent business is adopted. Concerning the amount equivalent to fixed property tax, etc. for the initial fiscal year that shall be borne by the Investment Corporation in correlation with acquisitions of real estate or trust beneficial interest that have real estate as assets in trust, the amount is not expensed but is rather included in the cost of acquisition of the concerned real estate property. The amount equivalent to fixed property tax, etc. that was included in the cost of acquisition of real estate properties in the 17th Fiscal Period is 54,857 thousand yen and 18th Fiscal Period is 59,351 thousand yen.								
4. Hedge accounting approaches	<p>(1) Hedge accounting approach Deferral hedge accounting is adopted. Special accounting is adopted for interest rate swaps that meet the requirements for special accounting.</p> <p>(2) Hedging instruments and hedged items Hedging instruments: Interest rate cap transactions Hedged items: Interest on loans</p> <p>(3) Hedging policy The Investment Corporation conducts derivative transactions to hedge risks stipulated in the Investment Corporation's articles of incorporation in accordance with the Investment Corporation's risk management policy. Method for assessing the effectiveness of hedging</p> <p>(4) The effectiveness of hedging is assessed by the correlation between the change in aggregated amount of cash flow of the hedging instruments and the change in aggregated amount of cash flow of the hedged items. Interest rate swaps that meet the requirements for special accounting are omitted from assessment of the effectiveness.</p>								
5. Scope of funds in the statements of cash flows	The funds (cash and cash equivalents) in the statements of cash flows consist of cash on hand and cash in trust; deposits that can be withdrawn at any time and deposits in trust; and short-term investments with a maturity of 3 months or less from the date of acquisition, which are readily convertible to cash and bear only an insignificant risk of price fluctuation.								

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

17th Fiscal Period [As of May 31, 2014]		18th Fiscal Period [As of November 30, 2014]	
Buildings in trust	32,898 thousand yen	Buildings in trust	32,898 thousand yen

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

17th Fiscal Period [As of May 31, 2014]		18th Fiscal Period [As of November 30, 2014]	
	50,000 thousand yen		50,000 thousand yen

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

(Unit: thousand yen)

	17th Fiscal Period [From: Dec. 1, 2013 To: May 31, 2014]	18th Fiscal Period [From: June 1, 2014 To: Nov. 30, 2014]
A. Property leasing revenue		
Rent revenue – real estate	8,491,129	9,693,133
Other lease business revenue	92,758	70,577
Total property leasing revenue	8,583,887	9,763,710
B. Property leasing expenses		
Consignment expenses	692,132	769,360
Utilities expenses	842,933	1,072,401
Taxes and dues	705,980	792,627
Non-life insurance expenses	12,785	14,425
Repair expenses	272,158	125,020
Depreciation	1,355,744	1,497,217
Other lease business expenses	49,265	53,621
Total property leasing expenses	3,931,000	4,324,674
C. Operating income (loss) from property leasing [A – B]	4,652,887	5,439,036

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

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

Daiwa Shibuya SS Building

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

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

Not applicable.

**\*3. Transactions with major unitholders**

(Unit: thousand yen)

	17th Fiscal Period [From: Dec. 1, 2013 To: May 31, 2014]	18th Fiscal Period [From: June 1, 2014 To: Nov. 30, 2014]
Transactions other than business transaction		
Interest expenses on investment corporation bonds	47,448	28,277

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

	17th Fiscal Period [From: Dec. 1, 2013 To: May 31, 2014]	18th Fiscal Period [From: June 1, 2014 To: Nov. 30, 2014]
*1. Total number of investment units authorized and number of investment units issued and outstanding		
Total number of investment units authorized	2,000,000 units	2,000,000 units
Number of investment units issued and outstanding	395,798 units	441,000 units

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

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

(Unit: thousand yen)

	17th Fiscal Period [From: Dec. 1, 2013 To: May 31, 2014]	18th Fiscal Period [From: June 1, 2014 To: Nov. 30, 2014]
Cash and deposits	16,842,863	12,984,949
Cash and deposits in trust	5,694,864	4,782,914
Cash and cash equivalents	22,537,727	17,767,863

**[Notes to Financial Instruments]**

## (1) Matters Concerning Status of Financial Instruments

## (a) Policy for financial instruments

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(Unit: thousand yen)

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

18th Fiscal Period [As of November 30, 2015]

(Unit: thousand yen)

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

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

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

Assets

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

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

Liabilities

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

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

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

(5) Investment corporation bonds

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

Derivative transactions

Please refer to [Notes to Derivative transactions] below.

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

(Unit: thousand yen)

	17th Fiscal Period [As of May 31, 2014]	18th Fiscal Period [As of Nov. 30, 2014]
Tenant leasehold and security deposits	7,674,101	9,451,317
Tenant leasehold and security deposits in trust	4,769,695	3,874,580
Total	12,443,797	13,325,898

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

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

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

(Unit: thousand yen)

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

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

(Unit: thousand yen)

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

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

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

(Unit: thousand yen)

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

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

(Unit: thousand yen)

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

**[Notes to Derivative Transactions]**

(1) Transactions for which hedge accounting is not applied

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

Not applicable.

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

Not applicable.

(2) Transactions for which hedge accounting is applied

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

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

(Unit: thousand yen)

Hedge accounting approach	Type, etc. of derivative transaction	Main hedged item	Contract amount, etc.		Fair value	Method of calculation of that fair value
				Of which, over 1 year		
Principle accounting method	Interest rate swap transaction Fixed payable Floating receivable	Long-term loans payable	70,100,000	46,100,000	(216,183)	Based on price quoted by partner financial institution
Special accounting for interest rate swaps	Interest rate swap transaction Fixed payable Floating receivable	Long-term loans payable	35,350,000	32,850,000	(*)	
Total			105,450,000	78,950,000	(216,183)	

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

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

(Unit: thousand yen)

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

(\*) 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

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

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

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

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

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

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

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

## (2) Notes to parent company and significant affiliated companies

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

Parent company's information

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

18th Fiscal Period [From: June 1, 2013 To: November 30, 2014]

Parent company's information

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

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

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

(Unit: thousand yen)

	17th Fiscal Period [From: Dec. 1, 2013 To: May 31, 2014]	18th Fiscal Period [From: June 1, 2014 To: Nov. 30, 2014]
Carrying amount		
Balance at beginning of period	345,046,153	355,783,760
Amount of increase (decrease) during period	10,737,607	23,151,320
Balance at end of period	355,783,760	378,935,080
Fair value at end of period	342,230,000	370,600,000

(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 17th Fiscal Period, the amount of increase is mainly attributable to acquisition of Integral Tower (15,220 million yen) and the amount of decrease is mainly attributable to sales of Daiwa Shibuya SS Building (3,776 million yen) and to depreciation (1,355 million yen). Of the amount of increase (decrease) for rental properties during the 18th Fiscal Period, the amount of increase is mainly attributable to acquisition of Azabu Green Terrace (14,000 million yen) and Kitahama Grand Building (9,481 million yen), and the amount of decrease is mainly attributable to depreciation (1,497 million yen).

(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

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

① Information about products and services

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

② Information about geographical areas

A. Net sales

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

B. Property, plant and equipment

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

③ Information about major customers

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

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

① Information about products and services

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

② Information about geographical areas

A. Net sales

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

B. Property, plant and equipment

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

③ Information about major customers

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

**[Notes to Per Unit Information]**

	17th Fiscal Period [From: Dec. 1, 2013 To: May 31, 2014]	18th Fiscal Period [From: June 1, 2014 To: Nov. 30, 2014]
Net assets per unit	509,490 yen	504,746 yen
Net income per unit	7,620.91 yen	8,414.41 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.

	17th Fiscal Period [From: Dec. 1, 2013 To: May 31, 2014]	18th Fiscal Period [From: June 1, 2014 To: Nov. 30, 2014]
Net income (thousand yen)	3,016,340	3,641,022
Amounts not attributable to common unitholders (thousand yen)	—	—
Net income attributable to common investment units (thousand yen)	3,016,340	3,641,022
Average number of investment units during the period (unit)	395,798	432,713

**[Notes to Significant Subsequent Events]****(1) Acquisition of Assets**

- a. The Investment Corporation acquired a trust beneficial interest in real estate on December 1, 2014 as follows.

**Summary of Asset Acquired**

Property name	Daiwa Ebisu 4-chome
Type of asset	Trust beneficial interest in domestic real estate
Location	4-9-10 Ebisu, Shibuya-ku, Tokyo
Acquisition price	4,135.2 million yen (excluding associated acquisition costs, consumption tax, etc.)
Date of conclusion of purchase agreement	October 16, 2014
Date of delivery	December 1, 2014
Seller	Not disclosed

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

- b. The Investment Corporation acquired a trust beneficial interest in real estate on December 3, 2014 as follows.

**Summary of Asset Acquired**

Property name	LAQUAS Higashi Shinjuku
Type of asset	Trust beneficial interest in domestic real estate
Location	2-2-6 Okubo, Shinjuku-ku, Tokyo
Acquisition price	8,450 million yen (excluding associated acquisition costs, consumption tax, etc.)
Date of conclusion of purchase agreement	November 25, 2014
Date of delivery	December 3, 2014
Seller	Higashi Shinjuku Building Tokutei Mokuteki Giasha

- c. The Investment Corporation determined on January 13, 2015 to acquire a trust beneficial interest in real estate as follows.

## Summary of Asset to be Acquired

Property name	Concept Aoyama	Shinsen Place
Type of asset	Trust beneficial interest in domestic real estate	Trust beneficial interest in domestic real estate
Location	3-1-30 Jingumae, Shibuya-ku, Tokyo	9-1 Shinsencho, Shibuya-ku, Tokyo
Acquisition price	9,800 million yen (excluding associated acquisition costs, consumption tax, etc.)	4,800 million yen (excluding associated acquisition costs, consumption tax, etc.)
Date of conclusion of purchase agreement	January 13, 2015	January 13, 2015
Date of delivery	March 2, 2015 (scheduled)	March 2, 2015 (scheduled)
Seller	Not disclosed	Not disclosed

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

**(2) Sales of Assets**

- a. The Investment Corporation determined on January 13, 2015 to sell a trust beneficial interest in real estate as follows.

## Summary of Asset to be sold

Property name	Daiwa Nihombashi Honcho	Daiwa Ginza 1-chome	Daiwa Kinshicho
Type of asset	Trust beneficial interest in domestic real estate	Trust beneficial interest in domestic real estate	Trust beneficial interest in domestic real estate
Transfer price (Note 1) (Note 2)	15,500 million yen		
Date of conclusion of sales agreement	January 13, 2015	January 13, 2015	January 13, 2015
Date of delivery	February 2, 2015 (scheduled)	February 2, 2015 (scheduled)	February 2, 2015 (scheduled)
Buyer (Note 2)	Not disclosed	Not disclosed	Not disclosed

(Note 1) The sales price excludes settlement money for fixed property tax and city planning tax as well as consumption tax and local consumption tax

(Note 2) Individual sales prices are undisclosed as consent of the buyers was not obtained due to the acquisitions' relation to the buyers' business plans following the acquisitions.

(Note 3) Buyers are domestic corporations which have not agreed to disclose its name.

**(3) Borrowing of Funds**

- a. The Investment Corporation borrowed funds on December 1, 2014 as below.  
The funds were borrowed to provide for the acquisition of the new property listed above in “a. Acquisition of Assets (i),” etc.

## Details of borrowings

Lender	Drawdown date	Loan amount (million yen)	Interest rate	Repayment date	Borrowing / Repayment method
Sumitomo Mitsui Banking Corporation	December 1, 2014	1,000	JBA 1 month Japanese Yen TIBOR + 0.35% (Note 1)	May 31, 2023	Unsecured Repayment in lump sum
The Bank of Tokyo-Mitsubishi UFJ, Ltd.		1,000	JBA 1 month Japanese Yen TIBOR + 0.30% (Note 1)	May 31, 2022	
Mizuho Bank, Ltd.		1,000	JBA 1 month Japanese Yen TIBOR + 0.325% (Note 1)	November 30, 2022	
Shinsei Bank, Ltd.		1,000	IBA 3month Japanese Yen LIBOR + 0.35% (Note 2)	May 31, 2023	

(Note 1) Interest payments shall be paid at the end of every month (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.) and the repayment date. 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.

(Note 2) Interest payments shall be made at the end of February, May, August and November (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.) and the repayment date. Interest Rate is calculated based on IBA 3 month Japanese Yen LIBOR which is announced two business days prior to the first day of the applicable calculation period.

- b. The Investment Corporation borrowed funds on December 3, 2014 as below.  
The funds were borrowed to provide for the acquisition of the new property listed above in “b. Acquisition of Assets (i),” etc.

## Details of borrowings

Lender	Drawdown date	Loan amount (million yen)	Interest rate	Repayment date	Borrowing / Repayment method
Sumitomo Mitsui Banking Corporation	December 3, 2014	1,500	JBA 1 month Japanese Yen TIBOR + 0.35% (Note)	May 31, 2023	Unsecured Repayment in lump sum
The Bank of Tokyo-Mitsubishi UFJ, Ltd.		1,000	JBA 1 month Japanese Yen TIBOR + 0.30% (Note)	May 31, 2022	
Mizuho Bank, Ltd.		1,500	JBA 1 month Japanese Yen TIBOR + 0.325% (Note)	November 30, 2022	
Sumitomo Mitsui Trust Bank, Limited		1,000	JBA 1 month Japanese Yen TIBOR + 0.325% (Note)	November 30, 2022	
Development Bank of Japan Inc.		1,000	0.692% (Fixed Rate)	November 30, 2021	
Resona Bank Limited		1,500	JBA 1 month Japanese Yen TIBOR + 0.325% (Note)	November 30, 2022	
Mitsubishi UFJ Trust and Banking Corporation		1,000	JBA 1 month Japanese Yen TIBOR + 0.275% (Note)	November 30, 2021	

(Note 1) Interest payments shall be paid at the end of every month (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.) and the repayment date. 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.

- c. The Investment Corporation borrowed funds on January 13, 2015 as below.  
The funds were borrowed to provide for the acquisition of the new property listed above in “c. Acquisition of Assets (i),” etc. but the loans shall be canceled if the transfers of property indicated in “(2) Transfer of Assets” are completed as scheduled and the funds from the transfers are to be used to fund the purchase. The loans are with special agreement which allows termination of contract without expenses, etc. if they are to be canceled.

## Details of borrowings

Lender	Drawdown date	Loan amount (million yen)	Interest rate	Repayment date	Borrowing / Repayment method
Sumitomo Mitsui Banking Corporation	March 2, 2015 (scheduled)	4,000	JBA 1 month Japanese Yen TIBOR + 0.3% (Note)	September 2, 2015	Unsecured Repayment in lump sum
Sumitomo Mitsui Trust Bank, Limited		3,000			
Mizuho Bank, Ltd.		2,500			
The Bank of Tokyo-Mitsubishi UFJ, Ltd.		2,500			
Shinsei Bank, Ltd.		2,000			

(Note) Interest payments shall be made on the 2nd of every month (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.) and the repayment date. 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**

The Investment Corporation resolved at its Board of Directors meeting held on June 17, 2014 and June 25, 2014 to issue new investment units. Payment for the public offering was completed on July 2, 2014 and payment for the third-party allocation was completed on July 30, 2014. The overview of capital increase up to the end of the 18th Fiscal Period is as follows.

Payment date	Description	Number of investment units issued and outstanding (units)		Unitholders' capital (million yen)		Notes
		Increase (Decrease)	Balance	Increase (Decrease)	Balance	
July 11, 2005	Incorporation through private placement	400	400	200	200	(Note 1)
October 18, 2005	Capital increase through public offering	99,600	100,000	49,498	49,698	(Note 2)
July 10, 2007	Capital increase through public offering	100,000	200,000	75,316	125,015	(Note 3)
August 7, 2007	Capital increase by way of a third-party allotment	5,000	205,000	3,765	128,781	(Note 4)
June 4, 2008	Capital increase by way of a third-party allotment	138,905	343,905	59,999	188,780	(Note 5)
July 1, 2009	Capital increase by way of a third-party allotment	51,893	395,798	10,000	198,780	(Note 6)
July 2, 2014	Capital increase through public offering	41,092	436,890	18,522	217,303	(Note 7)
July 30, 2014	Capital increase by way of a third-party allotment	4,110	441,000	1,852	219,155	(Note 8)

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

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

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

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

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

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

(Note 7) The Investment Corporation issued new investment units through public offering at an issue price of 466,537 yen per unit (amount paid in: 450,746 yen) to procure funds for acquisition of acquisition properties, etc.

(Note 8) The Investment Corporation issued new investment units by way of a third-party allotment at an issue price of 450,746 yen per unit (amount paid in: 450,746 yen) to procure funds for acquisition of acquisition properties, etc.



**4. Changes in Directors**

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

Not applicable.

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

Not applicable

## 5. Reference Information

### 5.1. Investment Status

Type of asset	Use	Region	18th Fiscal Period (As of November 30, 2014)	
			Total amount owned (million yen) (Note 1)	As a percentage of total assets (%)
Real estate	Office	Five Central Wards of Tokyo	16,285	4.1
Trust beneficial interest in real estate	Office	Five Central Wards of Tokyo	306,133	76.6
		Greater Tokyo	36,748	9.2
		Major Regional Cities	19,768	4.9
Total			378,935	94.8
Deposits and other assets			20,619	5.2
Total amount of assets (Note 2)			399,555	100.0
			[378,935]	[94.8]

(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 November 30, 2014)

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

Region	Property name	Type of specified asset	Acquisition price (million yen) (Note 4)	Carrying amount (million yen) (Note 5)	Estimated price at end of period (million yen) (Note 6)	Investment ratio (%) (Note 7)
Five Central Wards of Tokyo (Note 1)	Daiwa Ginza	Real estate	14,100	13,430	15,600	3.6
	Daiwa Ginza Annex		3,050	2,855	3,200	0.8
	Daiwa Shibaura		8,265	8,064	7,200	2.1
	Daiwa Minami-Aoyama		4,550	4,450	4,170	1.2
	Daiwa Sarugakucho		3,190	3,234	3,220	0.8
	Daiwa A Hamamatsucho (Note 8)		2,865	2,822	2,870	0.7
	Daiwa Jingumae		2,800	2,704	2,140	0.7
	Daiwa Shibadaimon		2,578	2,408	2,690	0.7
	Daiwa Misakicho		2,346	2,216	2,500	0.6
	Daiwa Shimbashi 510		2,080	2,120	2,430	0.5
	Daiwa Tsukijiekimae		1,560	1,379	1,470	0.4
	Daiwa Tsukiji		1,240	1,184	1,390	0.3
	Daiwa Tsukiji 616		2,440	2,247	2,430	0.6
	Daiwa Tsukishima		7,840	7,022	8,260	2.0
	Daiwa Nihonbashi Horidomecho		2,520	2,511	2,540	0.7
	Daiwa Azabudai	1,600	1,548	1,720	0.4	
	Daiwa Nihombashi Honcho	7,420	7,045	6,830	1.9	
	Daiwa Ginza 1-chome	4,620	4,472	4,170	1.2	
	Daiwa Kyobashi	3,460	3,322	3,060	0.9	
	Daiwa Kojimachi 4-chome	2,910	2,870	2,760	0.8	
	Daiwa Onarimon	13,860	13,525	12,300	3.6	
	Shinjuku Maynds Tower (Note 8)	133,800	130,234	113,000	34.5	
	SHIBUYA EDGE	5,900	5,746	4,400	1.5	
	Daiwa Kodenmacho	2,460	2,411	2,030	0.6	
	Daiwa Jimbocho	4,150	4,074	3,010	1.1	
	Daiwa Nishi-Shimbashi	5,000	4,931	4,910	1.3	
	Daiwa Kudan	4,000	3,873	3,090	1.0	
	Daiwa Kayabacho Building	5,600	5,451	6,730	1.4	
	Daiwa Jimbocho 3-chome	3,550	3,508	3,950	0.9	
	E SPACE TOWER	24,000	23,807	29,600	6.2	
	Daiwa Nihonbashi Hongokucho	1,721	1,680	1,920	0.4	
	shinyon curumu	9,650	9,906	10,700	2.5	
	Daiwa Shibuya Dougenzaka	4,500	4,506	4,850	1.2	
	Daiwa Akasaka (Note 9)	9,200	9,273	10,800	2.4	
	Daiwa Shibuya Miyamasuzaka	7,000	7,191	7,630	1.8	
	Azabu Green Terrace	14,000	14,383	15,300	3.6	
Total for Five Central Wards of Tokyo (36 properties)			329,825	322,418	314,920	85.1

Region	Property name	Type of specified asset	Acquisition price (million yen) (Note 4)	Carrying amount (million yen) (Note 5)	Estimated price at end of period (million yen) (Note 6)	Investment ratio (%) (Note 7)
Greater Tokyo (Note 2)	Daiwa Kinshicho	Trust beneficial interest in real estate	3,653	3,355	3,620	0.9
	Daiwa Higashi-Ikebukuro		2,958	2,782	3,330	0.8
	Benex S-3		4,950	4,281	3,260	1.3
	Daiwa Shinagawa North		7,710	7,339	5,890	2.0
	Daiwa Osaki 3-chome		1,650	1,674	2,060	0.4
	Daiwa Kamiooka		2,000	2,023	2,160	0.5
	Integral Tower		15,220	15,290	16,000	3.9
Total for Greater Tokyo (7 properties)			38,141	36,748	36,320	9.8
Major Regional Cities (Note 3)	Daiwa Minami-Senba	Trust beneficial interest in real estate	4,810	4,727	2,600	1.2
	Daiwa Meieki		5,300	5,419	6,560	1.4
	Kitahama Grand Building		9,481	9,621	10,200	2.4
Total for Major Regional Cities (3 properties)			19,591	19,768	19,360	5.1
Total (46 properties)			387,557	378,935	370,600	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 November 30, 2014.

(Note 6) Estimated price at end of period is the price as of November 30, 2014 stated in appraisal reports prepared by real estate appraisers of Tanizawa Sogo Appraisal Co., Ltd., Daiwa Real Estate Appraisal Co., Ltd., Morii Appraisal & Investment Consulting, Inc. and Japan Real Estate Institute in accordance with the articles of incorporation of the Investment Corporation and the rules of The Investment Trusts Association, Japan.

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

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

(Note 9) The Investment Corporation changed the name of assets under management on August 1, 2014 from "Akasaka Business Place" to "Daiwa Akasaka."

## 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	8,175.28	7,531.17	27	92.1	332,158
	Daiwa Ginza Annex	SRC B3 / 8F	Aug. 1972	2,032.11	2,032.11	7	100.0	84,456
	Daiwa Shibaura	SRC B1 / 12F	Oct. 1987	9,619.67	9,464.43	53	98.3	197,836
	Daiwa Minami-Aoyama	S / SRC B2 / 5F	Sept. 1990	2,715.53	2,715.53	6	100.0	124,804
	Daiwa Sarugakucho (Note 8)	SRC 8F	June 1985	3,657.43	3,657.43	1	100.0	-
	Daiwa A Hamamatsucho	SRC B2 / 10F	July 1993	3,663.38	3,663.38	12	100.0	127,580
	Daiwa Jingumae	RC B1 / 4F	Dec. 1997	2,198.61	2,198.61	4	100.0	58,602
	Daiwa Shibadaimon	SRC / RC B1 / 7F	Nov. 1996	2,386.48	2,386.48	6	100.0	80,638
	Daiwa Misakicho (Note 8)	S 8F	July 1996	2,137.53	2,137.53	1	100.0	-
	Daiwa Shimbashi 510	SRC B1 / 8F	Apr. 1974	2,676.52	2,668.12	7	99.6	85,947
	Daiwa Tsukijiekimae	SRC 10F	Jan. 1996	2,659.59	2,659.59	6	100.0	42,043
	Daiwa Tsukiji	SRC B1 / 7F	Jan. 1990	1,487.82	1,487.82	5	100.0	44,637
	Daiwa Tsukiji 616	SRC B1 / 9F	Mar. 1994	2,888.17	2,888.17	8	100.0	84,038
	Daiwa Tsukishima	S 5F	July 1996	8,426.85	8,426.85	3	100.0	287,424
	Daiwa Nihonbashi Horidomecho	SRC B2 / 7F	Apr. 1993	2,850.81	2,503.23	8	87.8	73,658
	Daiwa Azabudai	SRC B2 / 9F	Apr. 1984	1,697.38	1,697.38	10	100.0	52,268
	Daiwa Nihombashi Honcho	SRC B1 / 10F	Jan. 1964	7,418.61	6,542.31	13	88.1	177,113
	Daiwa Ginza 1-chome	SRC B2 / 11F	Jan. 1962	3,758.43	2,668.68	11	71.0	123,508
	Daiwa Kyobashi	SRC B1 / 8F	Oct. 1974	3,265.83	3,265.83	9	100.0	99,574
	Daiwa Kojimachi 4-chome	SRC B2 / 9F	Oct. 1987	2,690.90	2,690.90	7	100.0	88,859
	Daiwa Onarimon	SRC 9F	Apr. 1973	11,614.92	11,614.92	7	100.0	322,259
	Shinjuku Maynds Tower (Note 9)	S / SRC B3 / 34F	Sept. 1995	45,543.98	42,832.08	36	94.0	2,397,916
	SHIBUYA EDGE	RC B1 / 9F	Aug. 2006	2,480.65	2,480.65	5	100.0	117,926
	Daiwa Kodemacho	SRC 8F	Mar. 1985	2,379.31	2,379.31	8	100.0	59,204
	Daiwa Jimbocho	S B1 / 8F	Mar. 1997	3,164.26	3,164.26	7	100.0	98,614
	Daiwa Nishi-Shimbashi	SRC B1 / 10F	July 1993	4,815.84	4,815.84	12	100.0	132,573
	Daiwa Kudan	SRC 9F	Mar. 1987	2,882.61	2,882.61	6	100.0	88,387
Daiwa Kayabacho Building (Note 8)	S / SRC B1 / 8F	Apr. 2010	5,899.11	5,899.11	1	100.0	-	

## Daiwa Office Investment Corporation (8976) Financial Report for the 18th Fiscal Period

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	85,490
	E SPACE TOWER	S / SRC B1 / 15F	Oct. 2002	13,960.87	13,960.87	6	100.0	694,408
	Daiwa Nihonbashi Hongokucho	S 8F	May 2010	2,143.08	2,143.08	6	100.0	59,620
	shinyo curumu	S / RC B2 / 11F	Jan. 2012	6,751.31	6,751.31	18	100.0	254,882
	Daiwa Shibuya Dougenzaka	SRC B1/11F	Mar. 1988	4,144.90	4,144.90	5	100.0	143,512
	Daiwa Akasaka	SRC B2/7F	Sept. 1990	8,794.51	7,554.29	18	85.8	319,556
	Daiwa Shibuya Miyamasuzaka	S B1/12F	Dec. 1988	6,327.95	6,327.95	8	100.0	232,583
	Azabu Green Terrace	S / RC B1 / 6F	Sept. 2009	13,234.39	13,234.39	10	100.0	368,139
Total for Five Central Wards of Tokyo (36 properties)				213,433.96	206,360.46	365	96.6	7,904,506
Greater Tokyo	Daiwa Kinshicho	S B1 / 5F	Jan. 1992	5,347.27	5,347.27	6	100.0	142,125
	Daiwa Higashi-Ikebukuro	SRC / S B1 / 9F	June 1993	4,461.47	4,461.47	7	100.0	83,413
	Benex S-3	S / SRC B1 / 12F	Feb. 1994	7,470.18	7,470.18	25	100.0	163,389
	Daiwa Shinagawa North	SRC B1 / 11F	July 1991	6,549.98	6,549.98	14	100.0	192,375
	Daiwa Osaki 3-chome	S / RC B1 / 6F	Sept. 2007	1,786.06	1,786.06	5	100.0	52,476
	Daiwa Kamiooka	S / SRC B3 / 7F	May 2011	2,630.30	2,248.34	8	85.4	64,056
	Integral Tower (Note 10)	S/SRC B2/18F	June 1993	17,710.63	17,630.43	9	99.5	553,410
Total for Greater Tokyo (7 properties)				45,955.89	45,493.73	74	98.9	1,251,247
Major Regional Cities	Daiwa Minami-Senba	SRC B1 / 8F	Sept. 1986	5,719.52	5,477.80	10	95.7	95,907
	Daiwa Meieki	S 12F	Dec. 2007	7,461.90	7,461.90	24	100.0	224,740
	Kitahama Grand Building	S / SRC B1 / 16F	Feb. 2008	13,517.62	13,517.62	6	100.0	216,162
Total for Major Regional Cities (3 properties)				26,699.04	26,457.32	40	99.0	536,809
Total (46 properties)				286,088.89	278,311.51	479	97.2	9,692,563

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

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

(Note 3) "Leasable floor area" represents the floor area of the building of the applicable property that is leasable, not including the leasable area of the land (including level parking space), and is the floor area indicated in the lease contract, etc. as of November 30, 2014.

(Note 4) "Leased floor area" is the sum total of the floor area that is actually leased based on lease agreements, etc. executed with end-tenants as of November 30, 2014.

(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 18th Fiscal Period, rounded down to the

nearest thousand yen. The rent revenue during current period of Daiwa Shibuya SS (569 thousand yen) which was transferred on May 30, 2014 is not included.

- (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 buildings consist of three registrations. Of these, the details of the major building are shown here.

### 5.2.3. Capital Expenditures for Assets under Management

#### A. Capital Expenditures for 18th Fiscal Period

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

Name of real estate properties (Location)	Purpose	Scheduled implementation period	Expected construction amount (million yen)		
			Total amount	Amount paid during current period	Total amount already paid
Shinjuku Maynds Tower (Shibuya-ku, Tokyo)	Upgrading of CVCF and renovation work for disaster-prevention equipment	From: Oct. 2013 To: Mar. 2015	406	54	261
Shinjuku Maynds Tower (Shibuya-ku, Tokyo)	Renovation work for central supervisory system	From: Oct. 2013 To: Sept. 2015	297	72	59
Shinjuku Maynds Tower (Shibuya-ku, Tokyo)	Upgrading of main central supervisory system VAV and controller	From: Oct. 2013 To: Sept. 2015	110	32	16
Daiwa Akasaka (Minato-ku, Tokyo)	Construction of entrance on public open space side	From: Jan. 2015 To: May 2015	101	–	–
Daiwa Tsukishima Building (Chuo-ku, Tokyo)	Upgrading of air-conditioning system	From: Feb. 2015 To: May 2015	95	–	–

#### B. Capital Expenditures during 18th Fiscal Period

The following summarizes the primary construction work that constitutes capital expenditures implemented during the 18th Fiscal Period. Capital expenditures for the 18th Fiscal Period amounted to 569 million yen and, when combined with the 125 million yen in repair expenses charged to 18th Fiscal Period expenses, totals 694 million yen in construction work implemented.

Name of real estate properties (Location)	Purpose	Period	Construction amount paid (million yen)
Daiwa Tsukishima Building (Chuo-ku, Tokyo)	Work for air-conditioning system	From: Sept. 2014 To: Nov. 2014	75
Shinjuku Maynds Tower (Shibuya-ku, Tokyo)	Upgrading of DC power supply for emergency lighting	From: Jul. 2014 To: Jul. 2014	56
Daiwa Nihonbashi-Horidomecho (Chuo-ku, Tokyo)	Work for air-conditioning system	From: Oct. 2014 To: Nov. 2014	41
Other		From: Jun. 2014 To: Nov 2014	396
Total			569

#### 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	14th Fiscal Period	15th Fiscal Period	16th Fiscal Period	17th Fiscal Period	18th Fiscal Period
	[From: June 1, 2012 To: Nov. 30, 2012]	[From: Dec. 1, 2012 To: May 31, 2013]	[From: June 1, 2013 To: Nov. 30, 2013]	[From: Dec. 1, 2013 To: May 31, 2014]	[From: June 1, 2014 To: Nov. 30, 2014]
Balance of reserve at beginning of previous period	1,058	611	806	830	1,021
Amount of reserve in current period	89	619	181	794	764
Reversal of reserve in current period	536	424	156	603	586
Amount carried forward to next period	611	806	830	1,021	1,199



**5.2.4. Summary of Estimated Price at End of Period (As of November 30, 2014)**

Property name	Estimated price at end of period (million yen) (Note 1)	Summary of Appraisal Report				
		Direct capitalization method		DCF method		
		Price (million yen)	Cap rate (%)	Price (million yen)	Discount rate (%)	Terminal cap rate (%)
Daiwa Ginza	15,600	15,900	4.1	15,200	3.9	4.3
Daiwa Ginza Annex	3,200	3,250	4.0	3,150	3.8	4.2
Daiwa Shibaura	7,200	7,320	4.7	7,150	4.5	4.9
Daiwa Minami-Aoyama	4,170	4,250	4.4	4,080	4.2	4.6
Daiwa Sarugakucho	3,220	3,270	4.9	3,170	4.7	5.1
Daiwa A Hamamatsucho (Note 2)	2,870	2,930	4.5	2,840	4.3	4.7
Daiwa Jingumae	2,140	2,150	4.3	2,130	4.1	4.5
Daiwa Shibadaimon	2,690	2,760	4.3	2,660	4.1	4.5
Daiwa Misakicho	2,550	2,580	4.6	2,530	4.4	4.8
Daiwa Shimbashi 510	2,430	2,490	4.6	2,370	4.4	4.8
Daiwa Tsukijiekimae (Note 3)	1,470	1,480	4.8	1,460	4.8	5.0
Daiwa Tsukiji	1,390	1,380	4.7	1,390	4.7	4.9
Daiwa Tsukiji 616	2,430	2,440	4.7	2,430	4.4	4.9
Daiwa Tsukishima	8,260	8,320	4.8	8,240	4.5	5.0
Daiwa Nihonbashi Horidomecho	2,540	2,570	4.6	2,510	4.4	4.8
Daiwa Azabudai	1,720	1,750	4.5	1,680	4.3	4.7
Daiwa Nihombashi Honcho	6,830	7,080	4.5	6,720	4.2	4.7
Daiwa Ginza 1-chome	4,170	4,230	4.3	4,100	4.0	4.5
Daiwa Kyobashi	3,060	3,110	4.5	3,000	4.3	4.7
Daiwa Kojimachi 4-chome	2,760	2,910	4.2	2,690	4.0	4.4
Daiwa Onarimon	12,300	12,600	4.3	12,000	4.1	4.5
Shinjuku Maynds Tower (Note 4)	113,000	139,000	3.8	129,000	3.6	4.0
SHIBUYA EDGE	4,400	4,500	4.2	4,290	4.0	4.4
Daiwa Kodenmacho	2,030	2,050	4.8	2,000	4.6	5.0
Daiwa Jimbocho	3,010	3,180	4.6	2,930	4.6	4.8
Daiwa Nishi-Shimbashi	4,910	5,060	4.5	4,850	4.3	4.7
Daiwa Kudan	3,090	3,310	4.4	3,010	4.4	4.6
Daiwa Kayabacho Building	6,730	6,860	4.1	6,680	3.9	4.3
Daiwa Jimbocho 3-chome	3,950	4,060	4.1	3,900	3.9	4.3
E SPACE TOWER	29,600	29,700	3.9	29,400	3.6	4.0
Daiwa Nihonbashi Hongokucho	1,920	1,960	4.7	1,900	4.5	4.9
shinyon curumu	10,700	10,900	4.0	10,600	3.8	4.2
Daiwa Shibuya Dougenzaka	4,850	5,000	4.2	4,790	4.0	4.4
Daiwa Akasaka	10,800	11,000	4.0	10,700	3.8	4.2
Daiwa Shibuya Miyamasuzaka	7,630	7,680	4.1	7,580	3.8	4.2
Azabu Green Terrace	15,300	15,600	4.2	15,000	4.0	4.4
Daiwa Kinshicho	3,620	3,680	5.0	3,590	4.8	5.2
Daiwa Higashi-Ikebukuro	3,330	3,400	4.9	3,300	4.7	5.1
Benex S-3	3,260	3,340	5.5	3,180	5.3	5.7
Daiwa Shinagawa North	5,890	5,970	4.8	5,810	4.6	5.0
Daiwa Osaki 3-chome	2,060	2,100	4.5	2,040	4.3	4.7
Daiwa Kamiooka	2,160	2,160	5.3	2,160	5.1	5.5
Integral Tower	16,000	16,300	4.5	15,800	4.3	4.7

Property name	Estimated price at end of period (million yen) (Note 1)	Summary of Appraisal Report				
		Direct capitalization method		DCF method		
		Price (million yen)	Cap rate (%)	Price (million yen)	Discount rate (%)	Terminal cap rate (%)
Daiwa Minami-Senba	2,600	2,650	5.3	2,550	5.1	5.5
Daiwa Meieki	6,560	6,740	4.9	6,480	4.9	5.1
Kitahama Grand Building	10,200	10,500	4.5	10,100	4.3	4.7
Total	370,600	401,470	-	383,140	-	-

(Note 1) "Estimated price at end of period" is the price as of November 30, 2014 stated in appraisal reports prepared by real estate appraisers of Tanizawa Sogo Appraisal Co., Ltd., Daiwa Real Estate Appraisal Co., Ltd., Morii Appraisal & Investment Consulting, Inc. and Japan Real Estate Institute in accordance with the articles of incorporation of the Investment Corporation and the rules of The Investment Trusts Association, Japan.

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

(Note 3) Discount rate for Daiwa Tsukijiekimae is the figure after the 5th fiscal year. (4.6% in and before the 2nd fiscal year, 4.7% in 3rd and 4th fiscal years.)

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

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

The following table lists the status of income (loss), etc. of each property for the 18th Fiscal Period (from June 1, 2014 to November 30, 2014). Income (loss) information is presented in accordance with “3. Financial Statements; 3.7. Notes to Significant Accounting Policies” outlined earlier.

Region		Five Central Wards of Tokyo				
Property name		Daiwa Ginza	Daiwa Ginza Annex	Daiwa Shibaura	Daiwa Minami-Aoyama	Daiwa Sarugakucho (Note 4)
Acquisition date		Oct. 2005	Oct. 2005	Oct. 2005	Oct. 2005	Oct. 2005
Price information	Acquisition price (million yen)	14,100	3,050	8,265	4,550	3,190
	Investment ratio (%)	3.6	0.8	2.1	1.2	0.8
	Carrying amount (million yen)	13,430	2,855	8,064	4,450	3,234
	Estimated price at end of period (million yen)	15,600	3,200	7,200	4,170	3,220
Leasing information	Number of tenants (Note 1)	27	7	53	6	1
	Leasable floor area (m <sup>2</sup> )	8,175.28	2,032.11	9,619.67	2,715.53	3,657.43
	Leased floor area (m <sup>2</sup> )	7,531.17	2,032.11	9,464.43	2,715.53	3,657.43
	Occupancy rate (%)					
	End of Nov. 2012	94.3	100.0	98.8	100.0	100.0
	End of May 2013	96.4	100.0	87.4	94.1	100.0
	End of Nov. 2013	86.9	100.0	90.2	94.1	100.0
End of May 2014	92.6	100.0	98.7	100.0	100.0	
End of Nov. 2014	92.1	100.0	98.3	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)	340,463	84,456	200,358	124,804	–
	Rent revenue – real estate	332,158	84,456	197,836	124,804	–
	Other lease business revenue	8,305	–	2,521	–	–
	Total property leasing expenses (B) (thousand yen)	165,504	42,334	92,405	39,633	–
	Consignment expenses	20,898	7,045	18,860	5,262	–
	Utilities expenses	32,514	7,850	20,857	10,014	–
	Taxes and dues	27,522	9,083	19,203	11,714	–
	Non-life insurance expenses	444	104	412	149	–
	Repair expenses	1,785	699	7,734	588	–
	Depreciation (C)	70,467	17,551	25,338	11,904	–
	Other lease business expenses	11,841	–	–	–	–
	Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen)	174,958	42,121	107,952	85,170	–
NOI (E) [(D) + (C)] (thousand yen)	245,426	59,673	133,290	97,075	86,310	
Capital expenditures (F) (thousand yen)	14,248	1,592	15,187	3,795	3,650	
NCF [(E) – (F)] (thousand yen)	231,178	58,080	118,103	93,279	82,660	
Reference information	Expense rate (%) [(B) ÷ (A)]	48.61	50.13	46.12	31.76	–
	Annual amount of fixed property tax, etc. for fiscal 2014 (thousand yen)	55,063	18,021	37,881	22,975	13,273
	Estimated long-term repair expenses (thousand yen) (Note 2)	128,190	34,770	218,640	111,190	162,170

## Daiwa Office Investment Corporation (8976) Financial Report for the 18th Fiscal Period

Region		Five Central Wards of Tokyo				
Property name		Daiwa A Hamamatsucho	Daiwa Jingumae	Daiwa Shibadaimon	Daiwa Misakicho (Note 4)	Daiwa Shimbashi 510
Acquisition date		Oct. 2005	Oct. 2005	Oct. 2005	Oct. 2005	Oct. 2005
Price information	Acquisition price (million yen)	2,865	2,800	2,578	2,346	2,080
	Investment ratio (%)	0.7	0.7	0.7	0.6	0.5
	Carrying amount (million yen)	2,822	2,704	2,408	2,216	2,120
	Estimated price at end of period (million yen)	2,870	2,140	2,690	2,550	2,430
Leasing information	Number of tenants (Note 1)	12	4	6	1	7
	Leasable floor area (m <sup>2</sup> )	3,663.38	2,198.61	2,386.48	2,137.53	2,676.52
	Leased floor area (m <sup>2</sup> )	3,663.38	2,198.61	2,386.48	2,137.53	2,668.12
	Occupancy rate (%)					
	End of Nov. 2012	100.0	100.0	100.0	100.0	99.7
	End of May 2013	100.0	100.0	100.0	100.0	99.7
	End of Nov. 2013	100.0	100.0	100.0	100.0	99.4
End of May 2014	100.0	100.0	100.0	100.0	99.4	
End of Nov. 2014	100.0	100.0	100.0	100.0	99.6	
Income (loss) information	Number of days of asset management	183	183	183	183	183
	Total property leasing revenue (A) (thousand yen)	127,580	75,522	80,638	–	85,947
	Rent revenue – real estate	127,580	58,602	80,638	–	85,947
	Other lease business revenue	–	13,919	–	–	–
	Total property leasing expenses (B) (thousand yen)	79,598	26,892	34,591	–	26,941
	Consignment expenses	11,771	6,535	7,844	–	5,119
	Utilities expenses	10,911	5,862	8,729	–	8,108
	Taxes and dues	8,657	6,304	6,242	–	5,555
	Non-life insurance expenses	190	83	115	–	113
	Repair expenses	5,097	739	1,967	–	1,195
	Depreciation (C)	13,531	7,360	9,692	–	6,847
	Other lease business expenses	29,438	7	–	–	–
	Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen)	47,981	45,629	46,046	–	59,006
NOI (E) [(D) + (C)] (thousand yen)	61,513	52,989	55,738	62,986	65,854	
Capital expenditures (F) (thousand yen)	37,680	–	10,133	–	9,003	
NCF [(E) – (F)] (thousand yen)	23,833	52,989	45,604	62,986	56,850	
Reference information	Expense rate (%) [(B) ÷ (A)]	62.39	37.08	42.90	–	31.5
	Annual amount of fixed property tax, etc. for fiscal 2014 (thousand yen)	17,073	12,608	12,148	10,306	11,049
	Estimated long-term repair expenses (thousand yen) (Note 2)	115,840	84,980	98,390	129,500	117,390

## Daiwa Office Investment Corporation (8976) Financial Report for the 18th Fiscal Period

Region		Five Central Wards of Tokyo				
Property name		Daiwa Tsukijiekimae	Daiwa Tsukiji	Daiwa Tsukiji 616	Daiwa Tsukishima	Daiwa Nihonbashi Horidomecho
Acquisition date		Jan. 2006	Jan. 2006	Mar. 2006	Mar. 2006	May 2006
Price information	Acquisition price (million yen)	1,560	1,240	2,440	7,840	2,520
	Investment ratio (%)	0.4	0.3	0.6	2.0	0.7
	Carrying amount (million yen)	1,379	1,184	2,247	7,022	2,511
	Estimated price at end of period (million yen)	1,470	1,390	2,430	8,260	2,540
Leasing information	Number of tenants (Note 1)	6	5	8	3	8
	Leasable floor area (m <sup>2</sup> )	2,659.59	1,487.82	2,888.17	8,426.85	2,850.81
	Leased floor area (m <sup>2</sup> )	2,659.59	1,487.82	2,888.17	8,426.85	2,503.23
	Occupancy rate (%)					
	End of Nov. 2012	0.0	100.0	100.0	100.0	100.0
	End of May 2013	10.3	100.0	100.0	100.0	100.0
	End of Nov. 2013	100.0	100.0	100.0	100.0	100.0
End of May 2014	100.0	100.0	100.0	100.0	100.0	
End of Nov. 2014	100.0	100.0	100.0	100.0	87.8	
Income (loss) information	Number of days of asset management	183	183	183	183	183
	Total property leasing revenue (A) (thousand yen)	42,043	47,852	88,238	287,424	78,100
	Rent revenue – real estate	42,043	44,637	84,038	287,424	73,658
	Other lease business revenue	–	3,215	4,200	–	4,441
	Total property leasing expenses (B) (thousand yen)	30,511	20,068	47,092	110,075	32,899
	Consignment expenses	4,150	5,119	6,030	12,464	5,630
	Utilities expenses	7,406	3,589	8,603	32,376	6,483
	Taxes and dues	5,028	3,823	6,765	13,191	6,563
	Non-life insurance expenses	96	57	126	310	130
	Repair expenses	356	250	4,995	2,097	1,481
	Depreciation (C)	13,455	7,228	20,571	49,635	12,610
	Other lease business expenses	18	–	–	–	–
	Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen)	11,531	27,784	41,145	177,348	45,200
NOI (E) [(D) + (C)] (thousand yen)	24,986	35,012	61,717	226,983	57,811	
Capital expenditures (F) (thousand yen)	–	2,353	18,309	79,102	46,717	
NCF [(E) – (F)] (thousand yen)	24,986	32,659	43,408	147,881	11,093	
Reference information	Expense rate (%) [(B) ÷ (A)]	72.57	41.94	53.37	38.30	42.12
	Annual amount of fixed property tax, etc. for fiscal 2014 (thousand yen)	10,024	7,587	13,199	26,382	12,958
	Estimated long-term repair expenses (thousand yen) (Note 2)	114,750	49,770	73,410	331,450	139,000

## Daiwa Office Investment Corporation (8976) Financial Report for the 18th Fiscal Period

Region		Five Central Wards of Tokyo				
Property name		Daiwa Azabudai	Daiwa Nihombashi Honcho	Daiwa Ginza 1-chome	Daiwa Kyobashi	Daiwa Kojimachi 4-chome
Acquisition date		May 2006	July 2006	July 2006	July 2006	Oct. 2006
Price information	Acquisition price (million yen)	1,600	7,420	4,620	3,460	2,910
	Investment ratio (%)	0.4	1.9	1.2	0.9	0.8
	Carrying amount (million yen)	1,548	7,045	4,472	3,322	2,870
	Estimated price at end of period (million yen)	1,720	6,830	4,170	3,060	2,760
Leasing information	Number of tenants (Note 1)	10	13	11	9	7
	Leasable floor area (m <sup>2</sup> )	1,697.38	7,418.61	3,758.43	3,265.83	2,690.90
	Leased floor area (m <sup>2</sup> )	1,697.38	6,542.31	2,668.68	3,265.83	2,690.90
	Occupancy rate (%)					
	End of Nov. 2012	80.2	97.6	98.8	100.0	100.0
	End of May 2013	100.0	97.6	89.0	99.5	96.0
	End of Nov. 2013	100.0	97.3	98.3	100.0	100.0
End of May 2014	100.0	87.3	99.2	100.0	100.0	
End of Nov. 2014	100.0	88.1	71.0	100.0	100.0	
Income (loss) information	Number of days of asset management	183	183	183	183	183
	Total property leasing revenue (A) (thousand yen)	52,268	177,113	123,508	99,574	88,859
	Rent revenue – real estate	52,268	177,113	123,508	99,574	88,859
	Other lease business revenue	–	–	–	–	–
	Total property leasing expenses (B) (thousand yen)	21,887	70,545	46,223	43,853	48,945
	Consignment expenses	3,743	11,884	8,275	6,231	6,309
	Utilities expenses	4,345	16,057	8,841	10,640	9,659
	Taxes and dues	4,808	11,813	7,791	7,027	14,702
	Non-life insurance expenses	83	292	143	136	133
	Repair expenses	606	813	913	1,463	6,660
	Depreciation (C)	8,300	29,683	20,258	18,354	11,480
	Other lease business expenses	–	–	–	–	–
	Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen)	30,381	106,568	77,284	55,721	39,914
NOI (E) [(D) + (C)] (thousand yen)	38,681	136,251	97,543	74,076	51,395	
Capital expenditures (F) (thousand yen)	7,144	3,294	1,770	10,000	2,027	
NCF [(E) – (F)] (thousand yen)	31,536	132,957	95,773	64,075	49,368	
Reference information	Expense rate (%) [(B) ÷ (A)]	41.88	39.83	37.43	44.04	55.08
	Annual amount of fixed property tax, etc. for fiscal 2014 (thousand yen)	9,599	22,906	15,581	13,927	29,161
	Estimated long-term repair expenses (thousand yen) (Note 2)	67,880	292,920	196,460	140,200	68,810

## Daiwa Office Investment Corporation (8976) Financial Report for the 18th Fiscal Period

Region		Five Central Wards of Tokyo				
Property name		Daiwa Onarimon	Shinjuku Maynds Tower	SHIBUYA EDGE	Daiwa Kodenmacho	Daiwa Jimbocho
Acquisition date		Dec. 2006	July 2007 and Nov. 2007	July 2007	Aug. 2007	Mar. 2010
Price information	Acquisition price (million yen)	13,860	133,800	5,900	2,460	4,150
	Investment ratio (%)	3.6	34.5	1.5	0.6	1.1
	Carrying amount (million yen)	13,525	130,234	5,746	2,411	4,074
	Estimated price at end of period (million yen)	12,300	113,000	4,400	2,030	3,010
Leasing information	Number of tenants (Note 1)	7	36	5	8	7
	Leasable floor area (m <sup>2</sup> )	11,614.92	45,543.98	2,480.65	2,379.31	3,164.26
	Leased floor area (m <sup>2</sup> )	11,614.92	43,832.08	2,480.65	2,379.31	3,164.26
	Occupancy rate (%)					
	End of Nov. 2012	100.0	98.3	100.0	100.0	86.7
	End of May 2013	100.0	94.9	100.0	100.0	100.0
	End of Nov. 2013	100.0	95.7	100.0	100.0	100.0
End of May 2014	100.0	94.7	100.0	100.0	100.0	
End of Nov. 2014	100.0	94.0	100.0	100.0	100.0	
Income (loss) information	Number of days of asset management	183	183	183	183	183
	Total property leasing revenue (A) (thousand yen)	322,259	2,402,373	117,926	59,204	98,614
	Rent revenue – real estate	322,259	2,397,916	117,926	59,204	98,614
	Other lease business revenue	–	4,457	–	–	–
	Total property leasing expenses (B) (thousand yen)	127,886	1,142,965	38,461	23,703	46,970
	Consignment expenses	31,682	158,291	6,090	4,200	6,266
	Utilities expenses	29,659	311,740	8,451	5,337	9,998
	Taxes and dues	33,658	246,824	7,254	3,618	10,616
	Non-life insurance expenses	423	3,729	106	83	143
	Repair expenses	2,523	39,537	743	885	1,162
	Depreciation (C)	29,938	375,280	15,994	8,756	18,741
	Other lease business expenses	–	7,560	–	822	40
	Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen)	194,373	1,259,408	79,285	35,500	51,644
NOI (E) [(D) + (C)] (thousand yen)	224,312	1,634,689	95,279	44,257	70,386	
Capital expenditures (F) (thousand yen)	12,410	168,230	–	273	7,651	
NCF [(E) – (F)] (thousand yen)	211,910	1,466,458	95,279	43,984	62,735	
Reference information	Expense rate (%) [(B) ÷ (A)]	39.68	47.58	32.77	40.04	47.63
	Annual amount of fixed property tax, etc. for fiscal 2014 (thousand yen)	67,244	493,583	14,501	7,218	20,930
	Estimated long-term repair expenses (thousand yen) (Note 2)	459,880	2,502,610	48,290	70,970	126,090

## Daiwa Office Investment Corporation (8976) Financial Report for the 18th Fiscal Period

Region		Five Central Wards of Tokyo				
Property name		Daiwa Nishi-Shimbashi	Daiwa Kudan	Daiwa Kayabacho Building (Note 4)	Daiwa Jimbocho 3-chome	E-SPACE TOWER
Acquisition date		Aug. 2010	Sept. 2010	Mar. 2011	Mar. 2011	July 2011
Price information	Acquisition price (million yen)	5,000	4,000	5,600	3,550	24,000
	Investment ratio (%)	1.3	1.0	1.4	0.9	6.2
	Carrying amount (million yen)	4,931	3,873	5,451	3,508	23,807
	Estimated price at end of period (million yen)	4,910	3,090	6,730	3,950	29,600
Leasing information	Number of tenants (Note 1)	12	6	1	8	6
	Leasable floor area (m <sup>2</sup> )	4,815.84	2,882.61	5,899.11	2,889.34	13,960.87
	Leased floor area (m <sup>2</sup> )	4,815.84	2,882.61	5,899.11	2,889.34	13,960.87
	Occupancy rate (%)					
	End of Nov. 2012	80.7	100.0	100.0	100.0	100.0
	End of May 2013	100.0	100.0	100.0	100.0	100.0
	End of Nov. 2013	100.0	100.0	100.0	100.0	100.0
End of May 2014	100.0	100.0	100.0	88.1	89.1	
End of Nov. 2014	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)	132,573	88,387	–	85,490	694,408
	Rent revenue – real estate	132,573	88,387	–	85,490	694,408
	Other lease business revenue	–	–	–	–	–
	Total property leasing expenses (B) (thousand yen)	81,633	49,193	–	47,360	235,625
	Consignment expenses	16,870	5,672	–	9,129	50,141
	Utilities expenses	12,897	8,822	–	8,139	62,599
	Taxes and dues	15,610	8,464	–	9,330	56,335
	Non-life insurance expenses	246	121	–	127	673
	Repair expenses	2,149	1,714	–	912	1,799
	Depreciation (C)	33,860	24,398	–	19,722	64,003
	Other lease business expenses	3	–	–	–	72
	Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen)	50,940	39,193	–	38,129	458,783
NOI (E) [(D) + (C)] (thousand yen)	84,800	63,592	147,583	57,851	522,786	
Capital expenditures (F) (thousand yen)	1,234	499	–	–	7,438	
NCF [(E) – (F)] (thousand yen)	83,566	63,093	147,583	57,851	515,348	
Reference information	Expense rate (%) [(B) ÷ (A)]	61.58	55.66	–	55.40	33.93
	Annual amount of fixed property tax, etc. for fiscal 2014 (thousand yen)	30,918	16,860	25,015	18,610	112,633
	Estimated long-term repair expenses (thousand yen) (Note 2) (Note 3)	187,140	141,450	38,440	26,390	317,590



## Daiwa Office Investment Corporation (8976) Financial Report for the 18th Fiscal Period

Region		Five Central Wards of Tokyo				
Property name		Daiwa Nihonbashi Hongokucho Tosei	shinyon curumu	Daiwa Shibuya Dougenzaka	Daiwa Akasaka	Daiwa Shibuya Miyamasuzaka
Acquisition date		May 2012	Dec. 2012 and Apr. 2013	July 2013	Aug. 2013	Sept. 2013
Price information	Acquisition price (million yen)	1,721	9,650	4,500	9,200	7,000
	Investment ratio (%)	0.4	2.5	1.2	2.4	1.8
	Carrying amount (million yen)	1,680	9,906	4,506	9,273	7,191
	Estimated price at end of period (million yen)	1,920	10,700	4,850	10,800	7,630
Leasing information	Number of tenants (Note 1)	6	18	5	18	8
	Leasable floor area (m <sup>2</sup> )	2,143.08	6,751.31	4,144.90	8,794.51	6,327.95
	Leased floor area (m <sup>2</sup> )	2,143.08	6,751.31	4,144.90	8,554.29	6,327.95
	Occupancy rate (%)					
	End of Nov. 2012	100.0	–	–	–	–
	End of May 2013	100.0	55.9	–	–	–
	End of Nov. 2013	100.0	67.5	100.0	95.6	100.0
End of May 2014	100.0	96.3	100.0	100.0	100.0	
End of Nov. 2014	100.0	100.0	100.0	85.8	100.0	
Income (loss) information	Number of days of asset management	183	183	183	183	183
	Total property leasing revenue (A) (thousand yen)	59,620	254,882	143,512	343,136	232,583
	Rent revenue – real estate	59,620	254,882	143,512	319,556	232,583
	Other lease business revenue	–	–	–	23,580	–
	Total property leasing expenses (B) (thousand yen)	25,964	119,901	61,593	141,479	88,759
	Consignment expenses	4,099	24,983	12,708	28,575	21,198
	Utilities expenses	3,907	25,805	16,165	51,818	20,600
	Taxes and dues	4,418	33,414	13,570	32,825	20,307
	Non-life insurance expenses	78	316	215	431	302
	Repair expenses	300	83	1,014	5,248	5,939
	Depreciation (C)	13,160	35,297	17,918	22,579	20,386
	Other lease business expenses	–	–	–	–	24
Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen)	33,656	134,980	81,918	201,657	143,824	
NOI (E) [(D) + (C)] (thousand yen)	46,816	170,278	99,837	224,236	164,211	
Capital expenditures (F) (thousand yen)	–	450	1,731	15,017	20,268	
NCF [(E) – (F)] (thousand yen)	46,816	169,828	98,105	209,219	143,942	
Reference information	Expense rate (%) [(B) ÷ (A)]	43.55	47.04	42.92	41.23	38.16
	Annual amount of fixed property tax, etc. for fiscal 2014 (thousand yen)	8,825	66,706	27,071	65,420	40,499
	Estimated long-term repair expenses (thousand yen) (Note 2)	22,401	65,855	230,176	430,612	416,816

## Daiwa Office Investment Corporation (8976) Financial Report for the 18th Fiscal Period

Region		Five Central Wards of Tokyo	Greater Tokyo			
Property name		Azabu Green Terrace	Daiwa Kinshicho	Daiwa Higashi-Ikebukuro	Bennex S-3	Daiwa Shinagawa North
Acquisition date		Jul. 2014	Oct. 2005	Oct. 2005	May 2006	July 2007
Price information	Acquisition price (million yen)	14,000	3,653	2,958	4,950	7,710
	Investment ratio (%)	3.6	0.9	0.8	1.3	2.0
	Carrying amount (million yen)	14,383	3,355	2,782	4,281	7,339
	Estimated price at end of period (million yen)	15,300	3,620	3,330	3,260	5,890
Leasing information	Number of tenants (Note 1)	10	6	7	25	14
	Leasable floor area (m <sup>2</sup> )	13,234.39	5,347.27	4,461.47	7,470.18	6,549.98
	Leased floor area (m <sup>2</sup> )	13,234.39	5,347.27	4,461.47	7,470.18	6,549.98
	Occupancy rate (%)					
	End of Nov. 2012	–	100.0	100.0	88.0	100.0
	End of May 2013	–	100.0	100.0	98.2	100.0
	End of Nov. 2013	–	100.0	100.0	93.6	100.0
End of May 2014	–	100.0	92.2	98.2	100.0	
End of Nov. 2014	100.0	100.0	100.0	100.0	100.0	
Income (loss) information	Number of days of asset management	150	183	183	183	183
	Total property leasing revenue (A) (thousand yen)	368,139	142,125	88,313	163,389	192,905
	Rent revenue – real estate	368,139	142,125	88,413	163,389	192,375
	Other lease business revenue	–	–	4,900	–	530
	Total property leasing expenses (B) (thousand yen)	114,401	77,849	66,493	97,594	89,268
	Consignment expenses	26,586	13,890	14,197	18,674	15,718
	Utilities expenses	45,206	15,829	14,389	22,180	20,397
	Taxes and dues	8	12,088	8,812	15,269	18,531
	Non-life insurance expenses	513	253	242	377	362
	Repair expenses	314	5,915	5,936	2,176	1,477
	Depreciation (C)	41,752	29,870	22,914	38,915	32,779
	Other lease business expenses	19	–	–	–	–
	Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen)	253,738	64,275	21,819	65,795	103,637
NOI (E) [(D) + (C)] (thousand yen)	295,490	94,146	44,734	104,711	136,417	
Capital expenditures (F) (thousand yen)	3,184	12,277	18,740	8,929	11,003	
NCF [(E) – (F)] (thousand yen)	292,306	81,869	25,994	95,781	125,413	
Reference information	Expense rate (%) [(B) ÷ (A)]	31.08	54.78	75.29	59.73	46.28
	Annual amount of fixed property tax, etc. for fiscal 2014 (thousand yen)	–	23,594	17,546	30,537	35,975
	Estimated long-term repair expenses (thousand yen) (Note 2)	325,054	285,600	141,210	402,880	191,640

## Daiwa Office Investment Corporation (8976) Financial Report for the 18th Fiscal Period

Region		Greater Tokyo			Major Regional Cities	
Property name		Daiwa Osaki 3-chome	Daiwa Kamiooka	Integral Tower	Daiwa Minami-Senba	Daiwa Meieki
Acquisition date		Sept. 2012	Mar. 2013	May 2014	Aug. 2007	Feb. 2013
Price information	Acquisition price (million yen)	1,650	2,000	15,220	4,810	5,300
	Investment ratio (%)	0.4	0.5	3.9	1.2	1.4
	Carrying amount (million yen)	1,674	2,023	15,290	4,727	5,419
	Estimated price at end of period (million yen)	2,060	2,160	16,000	2,600	6,560
Leasing information	Number of tenants (Note 1)	5	8	9	10	24
	Leasable floor area (m <sup>2</sup> )	1,786.06	2,630.30	17,710.63	5,719.52	7,461.90
	Leased floor area (m <sup>2</sup> )	1,786.06	2,248.34	17,630.43	5,477.80	7,461.90
	Occupancy rate (%)					
	End of Nov. 2012	100.0	–	–	92.7	–
	End of May 2013	100.0	100.0	–	100.0	85.4
	End of Nov. 2013	100.0	92.2	–	100.0	81.3
End of May 2014	88.4	85.4	96.7	75.7	98.4	
End of Nov. 2014	100.0	85.4	99.5	95.7	100.0	
Income (loss) information	Number of days of asset management	183	183	183	183	183
	Total property leasing revenue (A) (thousand yen)	52,476	64,056	553,910	95,907	224,740
	Rent revenue – real estate	52,476	64,056	553,410	95,907	224,740
	Other lease business revenue	–	–	500	–	–
	Total property leasing expenses (B) (thousand yen)	24,586	38,263	229,124	78,339	96,242
	Consignment expenses	4,630	7,217	54,798	23,234	21,339
	Utilities expenses	4,231	5,398	80,679	11,589	19,315
	Taxes and dues	3,939	6,443	43	10,592	19,845
	Non-life insurance expenses	71	122	905	242	392
	Repair expenses	689	1,358	1,615	736	397
	Depreciation (C)	11,025	17,724	90,958	31,943	34,952
	Other lease business expenses	–	–	122	–	–
	Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen)	27,889	25,792	324,785	17,567	128,497
NOI (E) [(D) + (C)] (thousand yen)	38,914	43,517	415,744	49,511	163,450	
Capital expenditures (F) (thousand yen)	328	1,178	1,447	11,306	253	
NCF [(E) – (F)] (thousand yen)	38,586	42,338	414,296	38,205	163,197	
Reference information	Expense rate (%) [(B) ÷ (A)]	46.85	59.73	41.36	81.68	42.82
	Annual amount of fixed property tax, etc. for fiscal 2014 (thousand yen)	7,878	12,884	–	21,133	39,687
	Estimated long-term repair expenses (thousand yen) (Note 2)	37,912	24,782	834,324	107,090	170,803

Region		Major Regional Cities
Property name		Kitahama Grand Building
Acquisition date		Aug. 2014
Price information	Acquisition price (million yen)	9,481
	Investment ratio (%)	2.4
	Carrying amount (million yen)	9,621
	Estimated price at end of period (million yen)	10,200
Leasing information	Number of tenants (Note 1)	6
	Leasable floor area (m <sup>2</sup> )	13,517.62
	Leased floor area (m <sup>2</sup> )	13,517.62
	Occupancy rate (%)	
	End of Nov. 2012	–
	End of May 2013	–
	End of Nov. 2013	–
End of May 2014	–	
End of Nov. 2014	100.0	
Income (loss) information	Number of days of asset management	122
	Total property leasing revenue (A) (thousand yen)	216,162
	Rent revenue – real estate	216,162
	Other lease business revenue	–
	Total property leasing expenses (B) (thousand yen)	73,085
	Consignment expenses	16,979
	Utilities expenses	20,235
	Taxes and dues	11
	Non-life insurance expenses	400
	Repair expenses	135
	Depreciation (C)	35,258
	Other lease business expenses	64
	Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen)	143,077
NOI (E) [(D) + (C)] (thousand yen)	178,335	
Capital expenditures (F) (thousand yen)	–	
NCF [(E) – (F)] (thousand yen)	178,335	
Reference information	Expense rate (%) [(B) ÷ (A)]	33.81
	Annual amount of fixed property tax, etc. for fiscal 2014 (thousand yen)	–
	Estimated long-term repair expenses (thousand yen) (Note 2)	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.