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## REIT Financial Report for the 13th Fiscal Period

July 13, 2012

Name of REIT Issuer: Daiwa Office Investment Corporation  
 Stock Code No.: 8976  
 URL: <http://www.daiwa-office.co.jp>  
 Representative: Kazuo Otaka, Executive Director  
 Name of Asset Manager: Daiwa Real Estate Asset Management Co. Ltd.  
 Representative: Akira Yamanouchi, President and Representative Director  
 Inquiries to: Yuji Shinotsuka, Vice President and Representative Director and Head of Finance Department  
 Stock Exchange Listing: TSE  
 TEL: +81-3-6215-9649

Scheduled date of submission of periodic securities report (*yuka shoken hokokusho*): August 24, 2012

Scheduled date of start of distribution payments: August 3, 2012

Preparing presentation material: Yes

Hold a 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 13th Fiscal Period

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

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

#### (1) Management

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

	Operating revenue		Operating income		Ordinary income		Net income	
13th Period	¥7,431 million	(2.3%)	¥3,090 million	(6.8%)	¥2,022 million	14.4%	¥2,021 million	14.4%
12th Period	¥7,605 million	12.5%	¥3,317 million	17.5%	¥1,767 million	11.4%	¥1,766 million	21.6%

	Net income per unit	Net income to unitholders' equity	Ordinary income to total assets	Ordinary income to operating revenue
13th Period	¥5,106	1.0%	0.6%	27.2%
12th Period	¥4,464	0.9%	0.6%	23.2%

#### (2) Distributions

	Distribution amount per unit (excluding distribution amount in excess of earnings)	Total distribution amount	Distribution amount in excess of earnings per unit	Total distribution amount in excess of earnings	Dividend payout	Distribution amount to net assets
13th Period	¥5,107	¥2,021 million	¥0	¥- million	100.0%	1.0%
12th Period	¥4,464	¥1,766 million	¥0	¥- million	100.0%	0.9%

#### (3) Financial Position

	Total assets	Net assets	Unitholders' equity to total assets	Net assets per unit
13th Period	¥325,315 million	¥200,800 million	61.7%	¥507,330
12th Period	¥323,217 million	¥200,548 million	62.0%	¥506,692

(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
13th Period	¥3,820 million	(¥2,962 million)	(¥292 million)	¥16,801 million
12th Period	¥3,264 million	(¥23,779 million)	¥22,214 million	¥16,235 million

**2. Management Status Forecasts for the 14th Fiscal Period**

**14th Fiscal Period: Fiscal period ending November 2012 (from June 1, 2012 to November 30, 2012)**

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

	Operating revenue		Operating income		Ordinary income		Net income	
14th Period	¥7,413 million	(0.2%)	¥2,973 million	(3.8%)	¥2,179 million	7.7%	¥2,177 million	7.7%

	Distribution amount per unit (excluding distribution amount in excess of earnings)	Distribution amount in excess of earnings per unit
14th Period	¥5,500	¥0

(Reference) Estimated net income per unit for 14th Fiscal Period: ¥5,500

**3. Other**

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

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

(2) Number of Investment Units Issued and Outstanding

- (i) Number of investment units issued and outstanding at end of period (including treasury units):  
13th Fiscal Period: 395,798 units      12th Fiscal Period: 395,798 units
- (ii) Number of treasury units at end of period:  
13th Fiscal Period: – units      12th Fiscal Period: – units

(Note) Please refer to “Notes on Per Unit Information” on page 26 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 14th Fiscal Period and 15th Fiscal Period .

## 1. Affiliated Juridical Persons of the Investment Corporation

Please refer to “5. Reference Information 5.3. Affiliated Juridical Persons of the Investment Corporation” on page 47.

## 2. Management Policy and Management Status

### 2.1 Management Policy

Disclosure is omitted because there are no significant changes from the “Investment Policy,” “Investment Target” and “Distribution Policy” set out in the most recent periodic securities report (*yuka shoken hokokusho*) (submitted on February 23, 2012).

The Investment Corporation will propose the amendments to the articles of incorporation including “Targets and Policy of Asset Management” in the 7th Unitholder’s Meeting held on August 20, 2012. And the Asset Manager decided to amend the asset management guideline of the internal regulation on July 13, 2012 (effective date: August 21, 2012).

Concerning the partial amendments to article of incorporation, please refer to the press release “Notice concerning Amendments to Articles of Incorporation and Election of Directors, etc.” announced on July 13, 2012. Additionally concerning change of the asset management guideline, please refer to the press release “Notice concerning Partial Amendments of Internal Rule (the Asset Management Guideline) of Asset Manager” announced on July 13, 2012 and the extraordinary report filed on July 13, 2012.

### 2.2 Management Status

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

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

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

Though initial assets under management were 79,573 million yen (sum total of acquisition price), subsequent activities, such as additional acquisition of properties and replacement of portfolio properties, resulted in the assets under management amounting to 313,256 million yen as ended May, 2012.

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

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

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

The office transaction market saw an increase in the purchase demand by real estate companies and funds (including REITs) as a result of the easing lending attitudes of financial institutions, though there had been suspension of transactions immediately following the Great East Japan Earthquake. Additionally, from the supply shortage of prime properties, the market can be said to be gradually improved.

###### (b) Management Performance

In view of increasing the long-term EPS (EPS (net income per unit) after deducting gain on sales of properties) over the medium to long term, the Investment Corporation worked on “external growth,” which

aims to boost revenue through acquiring and selling properties, and “internal growth,” which aims to maximize income generating from existing properties.

Concerning external growth, the Investment Corporation acquired the land ownership (site) of “Daiwa Sarugakucho” (acquisition price: 190 million yen) in March 30, 2012 and “Nihonbashi Hongokucho Tosei Building” (acquisition price: 1,721 million yen) in May 11, 2012.

As a result, the Investment Corporation’s assets under management as of the end of the 13th Fiscal Period (May 31, 2012) totaled 37 properties, the sum total of acquisition prices of which amounted to 313,256 million yen.

Concerning internal growth, in spite of the severe office leasing market conditions and occurrence of tenant leaving in part, the Investment Corporation conducted through raising relation with tenants by improving tenants’ satisfaction and strengthening collaboration with leasing brokers and property managers. As a result, the occupancy rate at the end of the 13th Fiscal Period maintained to 94.3%.

### C. Overview of Capital Procurement

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

On May 11, 2012, the Investment Corporation borrowed 1,700 million yen from Development Bank of Japan Inc. to purchase acquisition properties.

On May 21, 2012, the Investment Corporation borrowed 195,000 million yen in total from Development Bank of Japan, Inc., Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Trust Bank, Limited, Mizuho Trust and Banking Co., Ltd., Shinsei Bank, Ltd., Mizuho Corporate Bank, Limited and The Bank of Yokohama, Ltd. to refinance the borrowing 196,000 million yen from Aozora Bank, Ltd. on May 21, 2009. Moreover, the balance of repayments was paid using cash on hand.

Contractual repayments of 41.25 million yen in total were made to Development Bank of Japan Inc. and The Kagawa Bank, Ltd. on February 29, 2012. Moreover, contractual repayments of 84.375 million yen in total were made to Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Trust Bank, Limited, Development Bank of Japan Inc., Taiyo Life Insurance Company and The Gunma Bank, Ltd. on May 31, 2012.

As a result, the balance of interest-bearing liabilities outstanding as at the end of the 13th Fiscal Period stood at 111,391.25 million yen (long-term loans payable: 102,891.25 million yen; investment corporation bonds: 8,500 million yen). Furthermore, of long-term loans payable, the balance of the current portion of interest-bearing liabilities outstanding stood at 22,291.25 million yen (including 41.25 million yen in contractual repayments).

In 13th Fiscal Period, the Investment Corporation agreed to enter into the interest-rate swap contracts to offset the risks of the future interest payments for the total of 54,900 million yen borrowings to hedge interest rate risk.

#### Borrowing List in 13th Period

Lender	Amount (million yen)	Drawdown Date	Repayment Date	Borrowing Period
Development Bank of Japan, Inc.	1,700	2012/5/11	2017/5/10	5 years
Development Bank of Japan, Inc.	6,500	2012/5/21	2017/5/22	5 years
Sumitomo Mitsui Banking Corporation	4,000	2012/5/21	2017/5/31	5 years
Sumitomo Mitsui Trust Bank, Limited	3,000	2012/5/21	2017/5/31	5 years
Mizuho Trust and Banking Co., Ltd.	1,500	2012/5/21	2017/5/31	5 years
Shinsei Bank, Ltd.	2,000	2012/5/21	2016/5/31	4 years
Mizuho Corporate Bank, Limited	2,000	2012/5/21	2015/5/29	3 years
The Bank of Yokohama, Ltd.	500	2012/5/21	2015/5/29	3 years

## Borrowing Amount by each financial institution as of May 31, 2012

Lender	Amount in the 13th Period (million yen)	Rate (%)
Sumitomo Mitsui Banking Corporation	24,387	23.70
Development Bank of Japan, Inc.	13,787	13.40
Sumitomo Mitsui Trust Bank, Limited	13,383	13.01
Shinsei Bank, Ltd.	8,000	7.78
Risona Bank Ltd.	7,000	6.80
Mizuho Corporate Bank, Limited	6,900	6.71
Aozora Bank, Ltd.	5,000	4.86
Kansai Urban Banking Corporation	5,000	4.86
Mizuho Trust and Banking Co., Ltd.	4,500	4.37
Mitsubishi UFJ Trust and Banking Corporation	3,000	2.92
The Bank of Fukuoka, Ltd.	3,000	2.92
ORIX Bank Corporation	2,500	2.43
The Gunma Bank, Ltd.	1,981	1.93
The Shizuoka Bank, Ltd.	1,000	0.97
The 77 Bank, Ltd.	985	0.96
The Kagawa Bank Ltd.	985	0.96
Taiyo Life Insurance Co., Ltd.	981	0.95
The Bank of Yokohama, Ltd.	500	0.49
Total	102,891	100.00

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

(Note 2) Sumitomo Mitsui Banking Corporation, Chuo Mitsui Trust and Banking Co., Ltd. and Chuo Mitsui Asset Trust and Banking Company, Limited merged and became Sumitomo Mitsui Trust Bank, Limited on April 1, 2012,.

**b. Rating Information (as of May 31, 2012)**

Credit Rating Agency	Rating	Outlook
R&I	A	Stable

**c. Shelf Registration**

The Investment Corporation filed the shelf registration on April 3, 2012 as below.

Investment Corporation Bonds	
Planned Issue Amount	100 billion yen
Planned Issue Period	From April 11, 2012 to April 10, 2014
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 13th Fiscal Period of 7,431 million yen in operating revenue, 3,090 million yen in operating income, 2,022 million yen in ordinary income, 2,021 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 5,107 yen.

## (2) Outlook for the Next Fiscal Period

### A. Investment Environment

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

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

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

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

### B. Future Management Policy and Tasks

#### a. Strategy for Managing Existing Properties

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

(i) Maintain and raise occupancy rates

Strive to reduce vacancy risks through improving the quality of buildings, equipment and management system toward existing tenants. And strive to maintain and raise occupancy rates through the provision of more comfortable service than competitor by participating in the market aggressively for new tenants.

(ii) Maintain and raise profitability

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

(iii) Lower operational management costs

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

#### b. Strategy for New Property Investments

Based on various growth strategies, the Investment Corporation will concentrate its investment in a total floor area of more than about 2,000m<sup>2</sup> by watching the property market and maintaining a balance with the financing situation.

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

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

During the 13th Fiscal Period, the Investment Corporation acquired the land ownership (site) of "Daiwa Sarugakucho" and "Nihonbashi Hongokucho Tosei Building", which are situated in the five central wards of Tokyo. The Investment Corporation believes that acquisition of these properties will contribute to further stabilization and enhancement of the portfolio, and the Investment Corporation strives to acquire properties in line with the investment strategy described above.

**c. Financial Strategy**

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

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

**C. Material Fact after the Announcement**

Not applicable.

**D. Outlook for Management Status**

The Investment Corporation forecasts the following management status for the 14th Fiscal Period (fiscal period ending November 2012 (from June 1, 2012 to November 30, 2012)). For the assumptions underlying the management status forecasts, please refer to the “Assumptions for the Management Status Forecasts for the 14th Fiscal Period and 15th Fiscal Period.

(Decrease in operating revenue)

Decrease in Rent revenue –due to the movig out of the main tenant of Daiwa Jimbocho and Daiwa Kudan etc.

(Decrease in non -operating expenses)

Improvement of debt cost by refinancing 196,000 million yen during the 13th Fiscal Period.

Operating revenue	7,413 million yen
Operating income	2,973 million yen
Ordinary income	2,179 million yen
Net income	2,177 million yen
Distribution amount per unit	5,500 yen
Distribution amount in excess of earnings per unit	0 yen

In addition, on the basis that the “Assumptions for the Management Status Forecasts for the 14th Fiscal Period and 15th Fiscal Period” will remain unchanged, the Investment Corporation forecasts the following management status for the 15th Fiscal Period (fiscal period ending May 2013 (from December 1, 2012 to May 31, 2013)).

Operating revenue	7,080 million yen
Operating income	2,923 million yen
Ordinary income	2,179 million yen
Net income	2,177 million yen
Distribution amount per unit	5,500 yen
Distribution amount in excess of earnings per unit	0 yen

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

**Assumptions for the Management Status Forecasts for the 14th Fiscal Period and 15th Fiscal Period**

Item	Assumptions
Assets under management	<ul style="list-style-type: none"> <li>• 14th Fiscal Period: Assets under management are assumed to be the 37 properties as of May 31, 2012.</li> <li>• 15th Fiscal Period: Assets under management are assumed to be the 37 properties.</li> <li>• The actual number of properties may vary due to changes in the assets under management.</li> </ul>
Operating revenue	<ul style="list-style-type: none"> <li>• Rent revenue from existing properties is calculated based on historical data and taking into account variable factors.</li> <li>• It is assumed that there is no gain (loss) on sales of real estate properties.</li> </ul>
Operating expenses	<ul style="list-style-type: none"> <li>• Expenses related to rent business, which constitute a major component of operating expenses, are calculated based on historical data and taking into account variable factors.</li> <li>• Repair expenses for buildings are recorded as expenses in the amount expected to be necessary in the respective fiscal period based on the medium to long term repair plan established by the Asset Manager.</li> <li>• Operating income from property leasing (excluding gain on sales of real estate properties) after deducting expenses related to rent business (including depreciation) is expected to be 3,794 million yen in the 14th Fiscal Period and 3,717 million yen in the 15th Fiscal Period.</li> <li>• Outsourcing expenses are expected to be 560 million yen in the 14th Fiscal Period and 548 million yen in the 15th Fiscal Period.</li> <li>• Taxes and dues (fixed property tax, city planning tax, etc.) are expected to be 667 million yen in the 14th Fiscal Period and 700 million yen in the 15th Fiscal Period.</li> <li>• Depreciation is expected to be 1,304 million yen in the 14th Fiscal Period and 1,229 million yen in the 15th Fiscal Period.</li> </ul>
Non-operating expenses	<ul style="list-style-type: none"> <li>• Non-operating expenses in the 14th Fiscal Period are expected to be 794 million yen, of which the interest expenses and borrowing related expenses are expected to be 781 million yen.</li> <li>• Non-operating expenses in the 15th Fiscal Period are expected to be 744 million yen, of which the interest expenses and borrowing related expenses are expected to be 732 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 112,081.25 million yen at the end of the 14th Fiscal Period and 112,100 million yen at the end of the 15th Fiscal Period.</li> <li>• In the 14th Fiscal Period, 11,843.75 million yen that is to become due for repayment (due by September 18, 2012) will be refinanced in the entire amount of borrowing on the contract 12,500 million yen. 3,925 million yen that is to become due for repayment (due by November 30, 2012) will be refinanced in the entire amount of borrowing on the contract 4,000 million yen. And 41.25 million yen that is to become due for contractual repayment (due by August 31, 2012) will be repaid using cash reserves.</li> <li>• In the 15th Fiscal Period, 1,000 million yen that is to become due for repayment (due by January 10, 2013) will be refinanced in the entire amount. 5,481.25 million yen that is to become due for repayment (due by February 28, 2013) will be refinanced in the entire amount of borrowing on the contract 5,500 million yen.</li> </ul>
Number of investment units issued and outstanding	<ul style="list-style-type: none"> <li>• The number of investment units issued and outstanding is assumed to be the 395,798 units issued and outstanding as of the date of submission of this document, and there is assumed to be no additional issuance of investment units through to May 31, 2013.</li> </ul>
Distribution amount per unit	<ul style="list-style-type: none"> <li>• The distribution amount per unit is calculated based on the cash distribution policy as set out in the articles of incorporation of the Investment Corporation.</li> <li>• The distribution amount per unit may vary depending on a variety of factors, such as changes in the assets under management, changes in the rent revenue due to tenant changes and other causes, and incurrence of unforeseen repairs.</li> </ul>
Distribution amount	<ul style="list-style-type: none"> <li>• At present, there is no plan to make any distribution in excess of earnings (distribution</li> </ul>



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

### 2.3. Investment Risks

Disclosure is omitted because there are no significant changes from the “Investment Risks” set out in the periodic securities report (*yuka shoken hokokusho*) submitted on February 23, 2012.

### 3. Financial Statements

#### 3.1. Balance Sheets

(Unit: thousand yen)

	12th Fiscal Period [As of November 30, 2011]	13th Fiscal Period [As of May 31, 2012]
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	10,818,425	11,504,131
Cash and deposits in trust	5,416,757	5,296,967
Operating accounts receivable	185,288	284,801
Consumption taxes receivable	84,177	—
Prepaid expenses	391,089	244,403
Deferred tax assets	20	16
Other	70,241	101,782
<b>Total current assets</b>	<b>16,966,000</b>	<b>17,432,103</b>
<b>Noncurrent assets</b>		
<b>Property, plant and equipment</b>		
Buildings	—	3,045,266
Accumulated depreciation	—	(1,105,180)
Buildings, net	—	1,940,086
Structures	—	6,697
Accumulated depreciation	—	(1,446)
Structures in trust, net	—	5,251
Tools, furniture and fixtures	4,058	7,299
Accumulated depreciation	(2,337)	(4,457)
Tools, furniture and fixtures, net	1,721	2,841
Other	3,456	3,741
Accumulated depreciation	(3,456)	(3,741)
Other, net	—	—
Land	—	12,302,226
Buildings in trust	67,274,713	65,669,119
Accumulated depreciation	(11,821,542)	(12,038,204)
Buildings in trust, net	55,453,170	*1 53,630,915
Structures in trust	828,424	823,429
Accumulated depreciation	(91,316)	(101,101)
Structures in trust, net	737,108	722,328
Machinery and equipment in trust	781,924	793,278
Accumulated depreciation	(285,121)	(313,457)
Machinery and equipment in trust, net	496,802	479,820
Tools, furniture and fixtures in trust	71,940	76,938
Accumulated depreciation	(27,630)	(31,765)
Tools, furniture and fixtures in trust, net	44,310	45,173
Other in trust	6,302	6,017
Accumulated depreciation	(6,302)	(6,017)
Other in trust, net	—	—
Land in trust	244,177,050	235,483,406
Construction in progress in trust	16,148	22,721
<b>Total property, plant and equipment</b>	<b>300,926,312</b>	<b>304,634,771</b>
<b>Intangible assets</b>		
Right of trademark	1,285	2,013
Leasehold rights	—	2,407,101
Leasehold rights in trust	4,970,290	306,884
Other	5,530	4,793
<b>Total intangible assets</b>	<b>4,977,107</b>	<b>2,720,792</b>
<b>Investments and other assets</b>		
Lease and guarantee deposits in trust	113,684	113,684
Long-term prepaid expenses	190,532	368,076
Deferred tax assets	—	1,172

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Derivatives assets	—	9,958
Other	10,020	10,020
Total investments and other assets	<u>314,236</u>	<u>502,912</u>
Total noncurrent assets	<u>306,217,656</u>	<u>307,858,476</u>
Deferred assets		
Investment corporation bonds issuance costs	<u>33,918</u>	<u>25,335</u>
Total deferred assets	<u>33,918</u>	<u>25,335</u>
Total assets	<u>323,217,575</u>	<u>325,315,915</u>

(Unit: thousand yen)

	12th Fiscal Period [As of November 30, 2011]	13th Fiscal Period [As of May 31, 2012]
Liabilities		
Current liabilities		
Operating accounts payable	546,670	911,636
Current portion of long-term loans payable	35,535,625	22,291,250
Accounts payable – other	309,641	261,881
Income taxes payable	987	696
Accrued consumption taxes	9,217	163,146
Advances received	862,004	876,926
Other	173,277	279,867
Total current liabilities	<u>37,437,424</u>	<u>24,785,405</u>
Noncurrent liabilities		
Investment corporation bonds	8,500,000	8,500,000
Long-term loans payable	65,881,250	80,600,000
Tenant leasehold and security deposits	6,250,338	6,024,873
Tenant leasehold and security deposits in trust	4,598,914	4,592,006
Derivatives liabilities	—	13,163
Other	1,621	—
Total noncurrent liabilities	<u>85,232,125</u>	<u>99,730,042</u>
Total liabilities	<u>122,669,549</u>	<u>124,515,448</u>
Net Assets		
Unitholders' equity		
Unitholders' capital	198,780,951	198,780,951
Surplus		
Unappropriated retained earnings (undisposed loss)	<u>1,767,074</u>	<u>2,021,548</u>
Total surplus	<u>1,767,074</u>	<u>2,021,548</u>
Total unitholders' equity	<u>200,548,026</u>	<u>200,802,499</u>
Valuation and translation adjustments		
Deferred gains or losses on hedges	—	(2,032)
Total Valuation and translation adjustments	—	(2,032)
Total net assets	<u>*2 200,548,026</u>	<u>*2 200,800,467</u>
Total liabilities and net assets	<u>323,217,575</u>	<u>325,315,915</u>

## 3.2. Statements of Income

(Unit: thousand yen)

	12th Fiscal Period [From: June 1, 2011 To: November 30, 2011]		13th Fiscal Period [From: December 1, 2011 To: May 31, 2012]	
Operating revenue				
Rent revenue – real estate	*1	7,550,598	*1	7,338,152
Other lease business revenue	*1	55,181	*1	93,360
Total operating revenue		7,605,780		7,431,513
Operating expenses				
Expenses related to rent business	*1	3,471,700	*1	3,533,104
Asset management fees		607,648		605,808
Asset custody fees		15,845		16,147
Administrative service fees		66,478		57,646
Trust fees		40,460		30,302
Directors' compensation		5,400		5,400
Other operating expenses		81,227		93,062
Total operating expenses		4,288,759		4,341,471
Operating income		3,317,020		3,090,042
Non-operating income				
Interest income		711		2,014
Reversal of distribution payable		5,491		6,824
Miscellaneous income		5,269		3,494
Total non-operating income		11,473		12,333
Non-operating expenses				
Interest expenses		761,640		703,954
Interest expenses on investment corporation bonds		96,950		96,326
Borrowing expenses		692,923		266,813
Other		9,080		12,983
Total non-operating expenses		1,560,594		1,080,077
Ordinary income		1,767,898		2,022,298
Extraordinary income				
Subsidy		—		32,898
Total extraordinary income		—		32,898
Extraordinary expenses				
Loss on reduction of noncurrent assets		—		32,898
Total extraordinary expenses		—		32,898
Income before income taxes		1,767,898		2,022,298
Income taxes – current		1,018		979
Income taxes – deferred		1		3
Total income taxes		1,020		982
Net income		1,766,878		2,021,315
Retained earnings brought forward		195		232
Unappropriated retained earnings (undisposed loss)		1,767,074		2,021,548

## 3.3. Statements of Unitholders' Equity

(Unit: thousand yen)

	12th Fiscal Period [From: June 1, 2011 To: November 30, 2011]	13th Fiscal Period [From: December 1, 2011 To: May 31, 2012]
Unitholders' equity		
Unitholders' capital		
Balance at beginning of current period	198,780,951	198,780,951
Changes of items during the period		
Total changes of items during the period	—	—
Balance at end of current period	*1 198,780,951	*1 198,780,951
Surplus		
Unappropriated retained earnings (undisposed loss)		
Balance at beginning of current period	1,453,170	1,767,074
Changes of items during the period		
Dividends from surplus	(1,452,974)	(1,766,842)
Net income	1,766,878	2,021,315
Total changes of items during the period	313,904	254,473
Balance at end of current period	1,767,074	2,021,548
Total Surplus		
Balance at beginning of current period	1,453,170	1,767,074
Changes of items during the period		
Dividends from surplus	(1,452,974)	(1,766,842)
Net income	1,766,878	2,021,315
Total changes of items during the period	313,904	254,473
Balance at end of current period	1,767,074	2,021,548
Total unitholders' equity		
Balance at beginning of current period	200,234,121	200,548,026
Changes of items during the period		
Dividends from surplus	(1,452,974)	(1,766,842)
Net income	1,766,878	2,021,315
Total changes of items during the period	313,904	254,473
Balance at end of current period	200,548,026	200,802,499
Valuation and translation adjustments		
Deferred gains or losses on hedges		
Balance at beginning of current period	—	—
Changes of items during the period		
Net changes of items other than shareholders' equity	—	(2,032)
Total changes of items during the period	—	(2,032)
Balance at end of current period	—	(2,032)
Total Valuation and translation adjustments		
Balance at beginning of current period	—	—
Changes of items during the period		
Net changes of items other than shareholders' equity	—	(2,032)
Total changes of items during the period	—	(2,032)
Balance at end of current period	—	(2,032)
Total net assets		
Balance at beginning of current period	200,234,121	200,548,026
Changes of items during the period		
Dividends from surplus	(1,452,974)	(1,766,842)
Net income	1,766,878	2,021,315
Net changes of items other than shareholders' equity	—	(2,032)
Total changes of items during the period	313,904	252,441
Balance at end of current period	200,548,026	200,800,467

**3.4. Statements of Cash Distributions**

Item	12th Fiscal Period [From: June 1, 2011 To: November 30, 2011]	13th Fiscal Period [From: December 1, 2011 To: May 31, 2012]
	Amount (yen)	Amount (yen)
I. Unappropriated retained earnings	1,767,074,730	2,021,548,364
II. Distribution amount [Distribution amount per unit]	1,766,842,272 [4,464]	2,021,340,386 [5,107]
III. Retained earnings carried forward	232,458	207,978
Method for calculating distribution amount	Pursuant to the policy that “the Investment Corporation shall distribute an amount in excess of the amount equivalent to 90% of its distributable earnings as defined in Article 67-15 of the Act on Special Measures Concerning Taxation” but no more than the amount of earnings as specified in Article 32, Item 1 of the Investment Corporation’s articles of incorporation, the Investment Corporation decided the distributions from earnings that it shall pay out shall be the maximum value of the integral multiple of the number of units issued and outstanding (395,798 units) in an amount that is not in excess of unappropriated retained earnings. Accordingly, the Investment Corporation declared a distribution amount of 1,766,842,272 yen. Furthermore, the Investment Corporation shall not distribute cash in excess of earnings as stipulated in Article 32, Item 2 of its articles of incorporation.	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 2,021,340,386 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)

	12th Fiscal Period [From: June 1, 2011 To: November 30, 2011]	13th Fiscal Period [From: December 1, 2011 To: May 31, 2012]
Net cash provided by (used in) operating activities		
Income before income taxes	1,767,898	2,022,298
Depreciation and amortization	1,349,080	1,368,583
Amortization of investment corporation bonds issuance costs	8,583	8,583
Interest income	(711)	(2,014)
Interest expenses	858,591	800,281
Subsidy	—	(32,898)
Loss on reduction of noncurrent assets	—	32,898
Increase (decrease) in provision for loss on disaster	(63,721)	—
(Increase) Decrease in operating accounts receivable	(10,619)	(99,512)
(Increase) Decrease in consumption taxes refund receivable	(84,177)	84,177
(Increase) Decrease in prepaid expenses	235,361	146,685
Increase (decrease) in operating accounts payable	(114,248)	274,711
Increase (decrease) in accounts payable – other	64,485	(48,356)
Increase (decrease) in accrued consumption taxes	(34,609)	153,929
Increase (decrease) in advances received	145,986	14,921
(Increase) Decrease in long-term prepaid expenses	(97,887)	(177,544)
Increase (decrease) in long-term advances received	(2,452)	(1,621)
Other, net	91,642	80,300
Subtotal	4,113,201	4,625,421
Interest income received	711	2,014
Interest expenses paid	(848,350)	(805,821)
Income taxes paid	(880)	(1,289)
Net cash provided by (used in) operating activities	3,264,682	3,820,325
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	—	(337,503)
Purchase of property, plant and equipment in trust	(24,671,359)	(2,299,787)
Proceeds from intangible assets	(178)	(125,534)
Proceeds from tenant security deposits	362,637	490,600
Proceeds from tenant security deposits in trust	1,210,383	56,972
Repayments of tenant security deposits	(680,080)	(716,066)
Repayments of tenant security deposits in trust	(443)	(63,881)
Proceeds from subsidy	—	32,898
Net cash provided by (used in) investing activities	(23,779,041)	(2,962,300)
Net cash provided by (used in) financing activities		
Proceeds from long-term loans payable	47,900,000	21,200,000
Repayment of long-term loans payable	(24,233,125)	(19,725,625)
Dividends paid	(1,452,656)	(1,766,483)
Net cash provided by (used in) financing activities	22,214,218	(292,108)
Net increase (decrease) in cash and cash equivalents	1,699,859	565,916
Cash and cash equivalents at beginning of period	14,535,323	16,235,183
Cash and cash equivalents at end of period	*1 16,235,183	*1 16,801,099

### 3.6. Notes to the Going Concern

Not applicable.

### 3.7. Significant Accounting Policies

<p>1. Accumulated depreciation method for noncurrent assets</p>	<p>(1) Property, plant and equipment (Including the trust) The straight-line method is adopted. The useful life of primary property, plant and equipment are as follows:</p> <table border="0" style="margin-left: 20px;"> <tr> <td>Buildings</td> <td style="text-align: right;">2~56 years</td> </tr> <tr> <td>Structures</td> <td style="text-align: right;">4~56 years</td> </tr> <tr> <td>Machinery and equipment</td> <td style="text-align: right;">2~23 years</td> </tr> <tr> <td>Tools, furniture and fixtures</td> <td style="text-align: right;">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	2~56 years	Structures	4~56 years	Machinery and equipment	2~23 years	Tools, furniture and fixtures	5~18 years
Buildings	2~56 years								
Structures	4~56 years								
Machinery and equipment	2~23 years								
Tools, furniture and fixtures	5~18 years								
<p>2. Accounting policies for deferred assets</p>	<p>Investment corporation bonds issuance costs Amortized using the straight-line method over the period up to redemption.</p>								
<p>3. Accounting standards for recording revenues and expenses</p>	<p>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 a correlation with acquisitions of real estate or trust beneficial interest that have real estate as assets in trust, the amount is not expensed but is rather included in the cost of acquisition of the concerned real estate property. The amount equivalent to fixed property tax, etc. that was included in the cost of acquisition of real estate properties in the 12th Fiscal Period is 57,361 thousand yen and 13th Fiscal Period is 6,195 thousand yen.</p>								
<p>4. Hedge accounting approaches</p>	<p>(1) Hedge accounting approach Deferral hedge accounting is adopted. Special treatment is adopted to those interest-rate swap contracts that meet the criteria for such special treatment.</p> <p>(2) Hedging instruments and hedged items Hedging instruments: Interest rate cap transactions Hedged items: Interest on loans</p> <p>(3) Hedging policy The Investment Corporation conducts derivative transactions to hedge risks stipulated in the Investment Corporation's articles of incorporation in accordance with the Investment Corporation's risk management policy.</p> <p>(4) Method for assessing the effectiveness of hedging 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.</p>								



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

### 3.8. Notes to Financial Statements

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

#### [Notes to Balance Sheets]

\*1. Advanced depreciation amount for noncurrent assets acquired by government subsidies, etc. (Unit: thousand yen)

12th Fiscal Period [From: June 1, 2011 To: November 30, 2011]	13th Fiscal Period [From: December 1, 2011 To: May 31, 2012]
—	32,898

\*2. Minimum net assets as provided in Article 67, Paragraph 4 of the Act on Investment Trusts and Investment Corporations (Unit: thousand yen)

12th Fiscal Period [From: June 1, 2011 To: November 30, 2011]	13th Fiscal Period [From: December 1, 2011 To: May 31, 2012]
50,000	50,000

**[Notes to Statements of Income]**

\*1. Breakdown of operating income (loss) from property leasing (Unit: thousand yen)

	12th Fiscal Period [From: June 1, 2011 To: November 30, 2011]	13th Fiscal Period [From: December 1, 2011 To: May 31, 2012]
A. Property leasing revenue		
Rent revenue – real estate	7,550,598	7,338,152
Other lease business revenue	55,181	93,360
Total property leasing revenue	7,605,780	7,431,513
B. Property leasing expenses		
Consignment expenses	509,445	573,208
Utilities expenses	649,283	654,823
Taxes and dues	604,537	637,796
Non-life insurance expenses	12,751	11,831
Repair expenses	290,405	233,867
Depreciation	1,347,971	1,367,437
Other lease business expenses	57,303	54,138
Total property leasing expenses	3,471,700	3,533,104
C. Operating income (loss) from property leasing [A – B]	4,134,079	3,898,409

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

	12th Fiscal Period [From: June 1, 2011 To: November 30, 2011]	13th Fiscal Period [From: December 1, 2011 To: May 31, 2012]
*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	395,798 units

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

\*1. Reconciliation of balance sheet items to cash and cash equivalents at end of period in the cash flow statements.  
(Unit: thousand yen)

	12th Fiscal Period [From: June 1, 2011 To: November 30, 2011]	13th Fiscal Period [From: December 1, 2011 To: May 31, 2012]
Cash and deposits	10,818,425	11,504,131
Cash and deposits in trust	5,416,757	5,296,967
Cash and cash equivalents	16,235,183	16,801,099

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

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

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

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

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

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

While these debts and bonds are exposed to liquidity risk, the Investment Corporation manages the risk by maintaining the LTV ratio at low levels, dispersing maturity dates, maintaining the ratio of long-term debt to total debt at high levels, and diversifying lenders with particular focus on domestic financial institutions.

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

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 swap that meet the requirements for special treatment is 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 and the Investment Corporation reduces the risk by pooling funds to a certain degree.

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

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

The fair value of financial instruments is based on their market price. The fair value of financial instruments with no available market price is determined by using price reasonably estimated. As various factors are incorporated into these calculations, the resulting value may differ if different assumptions are provided.

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

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

(Unit: thousand yen)

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

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(Unit: thousand yen)

	Carrying amount	Fair value	Difference
(1) Cash and deposits	11,504,131	11,504,131	—
(2) Cash and deposits in trust	5,296,967	5,296,967	—
Total assets	16,801,099	16,801,099	—
(1) Current portion of long-term loans payable	22,291,250	22,327,560	36,310
(2) Investment corporation bonds	8,500,000	8,507,500	7,500
(3) Long-term loans payable	80,600,000	80,377,337	(222,662)
Total liabilities	111,391,250	111,212,398	(178,851)
(1) Derivative transactions (*)	(3,204)	(3,204)	—

(\*) 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.

Assets

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

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

Liabilities

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

As those with floating interest rates reflect market interest rates within a short period of time and the Investment Corporation's credit capability is 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 debts that are subject to special treatment of interest rate swap, the interest is handled together with applicable interest rate swaps. (Please refer to [Notes to Derivative transactions] below.)

(2) Investment corporation bonds

Concerning the fair value of investment corporation bonds issued by the Investment Corporation, as these are based on floating interest rates and reflect market interest rates within a short period of time and the Investment Corporation's credit capability is 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 they are extremely difficult to estimate fair value (Unit: thousand yen)

	12th Fiscal Period [From: June 1, 2011 To: November 30, 2011]	13th Fiscal Period [From: December 1, 2011 To: May 31, 2012]
Tenant leasehold and security deposits	6,250,338	6,024,873
Tenant leasehold and security deposits in trust	4,598,914	4,592,006
Total	10,849,253	10,616,879

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.

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

12th Fiscal Period [From: June 1, 2011 To: November 30, 2011]

(Unit: thousand yen)

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

13th Fiscal Period [From: December 1, 2011 To: May 31, 2012]

(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	11,504,131	—	—	—	—	—
Cash and deposits in trust	5,296,967	—	—	—	—	—
Total	16,801,099	—	—	—	—	—

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

12th Fiscal Period [From: June 1, 2011 To: November 30, 2011]

(Unit: thousand yen)

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

13th Fiscal Period [From: December 1, 2011 To: May 31, 2012]

(Unit: thousand yen)

	Within 1 year	Within 2 years, but over 1 year	Within 3 years, but over 2 years	Within 4 years, but over 3 years	Within 5 years, but over 4 years	Over 5 years
Current portion of long-term loans payable	22,291,250	—	—	—	—	—
Investment corporation bonds	—	5,000,000	—	—	—	3,500,000
Long-term loans payable	—	32,400,000	29,500,000	2,000,000	16,700,000	—
Total	22,291,250	37,400,000	29,500,000	2,000,000	16,700,000	3,500,000

**[Notes to Derivative transactions]**

(1) Transactions for which hedge accounting is not applied  
12th Fiscal Period [From: June 1, 2011 To: November 30, 2011]  
Not applicable.

13th Fiscal Period [From: December 1, 2011 To: May 31, 2012]  
Not applicable.

(2) Transactions for which hedge accounting is applied  
12th Fiscal Period [From: June 1, 2011 To: November 30, 2011]  
Not applicable.

13th Fiscal Period [From: December 1, 2011 To: May 31, 2012]

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.

hedge accounting method	Type of derivative transactions	hedged items	Contract amount (thousand yen)		Fair value (thousand yen)	Method used for calculating fair value
				Due after 1 year		
Processing principle	Interest rate swap Paid/fixed and received/floating	Long-term debts	41,900,000	41,900,000	(3,204)	Based on price quoted by the financial institution.
Special treatment of interest rate swap	Interest rate swap Paid/fixed and received/floating	Long-term debts	13,000,000	13,000,000	(※)	
Total			54,900,000	54,900,000	(3,204)	

(※) Since the derivative financial instruments qualifying for the special treatment of interest-rate swaps are accounted for as one transaction together with their hedged item, long-term debt, the fair value of these derivatives is included in that of related long-term debt. ( Please refer to “Notes to Financial Instruments (2) Matters Concerning Fair Value, etc. of Financial Instruments (Note 1) (3)).

**[Notes to Transactions with Related Parties]****(1) Transactions with Related Parties**

12th Fiscal Period [from June 1, 2011 to November 30, 2012]

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

Amount of transaction doesn't include consumption tax.

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

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

13th Fiscal Period [from December 1, 2011 to May 31, 2012]

Classification	Name of company, etc.	Location	Capital stock or investments in capital	Business description	Rate of voting rights, etc. held by related party (held in the Investment Corporation)	Relationship with related party	Nature of transaction	Amount of transaction (thousand yen)	Account	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:13.11% Indirectly:32.57%	Provision of capital	Payment of interest expenses on investment corporation bonds (Note 1,2)	49,576	Investment corporation bonds	3,500,000
									Other (current liabilities)	20,429

Amount of transaction doesn't include consumption tax.

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

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

**(2) Notes to parent company and significant affiliate company**

13th Fiscal Period [from December 1, 2011 to May 31, 2012]

## Parent company's information

Daiwa Securities Group Inc. (listed on the Tokyo Stock Exchange, Osaka Securities 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 current period and fair value for these rental properties are as follows.

(Unit: thousand yen)

	12th Fiscal Period [From: June 1, 2011 To: November 30, 2011]	13th Fiscal Period [From: December 1, 2011 To: May 31, 2012]
Carrying amount		
Balance at beginning of the Fiscal Period	282,758,576	305,878,732
Amount of increase (decrease) during current period	23,120,156	1,445,809
Balance at end of the Fiscal Period	305,878,732	307,324,542
Fair value at end of the period	272,300,000	273,530,000

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

(Note 2) Of the amount of increase (decrease) during 12th Fiscal Period, the amount of increase is mainly attributable to acquisition of E SPACE TOWER (24,000 million yen), and the amount of decrease is mainly attributable to depreciation (1,347 million yen). Of the amount of increase (decrease) during 13th Fiscal Period, the amount of increase is mainly attributable to acquisition of Daiwa Sarugakucho (right of land)" (acquisition price: 190 million yen) and "Nihonbashi Hongokucho Tosei Building" (acquisition price: 1,721 million yen), and the amount of decrease is mainly attributable to depreciation (1,367 million yen).

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

The income (loss) for investment and rental properties are described 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

12th Fiscal Period [From: June 1, 2011 To: November 30, 2011]

① Information about products and services

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

② Information about geographical areas

A. Information of Revenue

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

B. Information of Tangible Fixed Assets

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

③ Information about major customers

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

13th Fiscal Period [from December 1, 2011 to May 31, 2012]

① Information about products and services

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

② Information about geographical areas

A. Information of Revenue

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

B. Information of Tangible Fixed Assets

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

③ Information about major customers

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

**[Notes to Per Unit Information]**

	12th Fiscal Period [From: June 1, 2011 To: November 30, 2011]	13th Fiscal Period [From: December 1, 2011 To: May 31, 2012]
Net assets per unit	506,692 yen	507,330 yen
Net income per unit	4,464.09 yen	5,106.93 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.

	12th Fiscal Period [From: June 1, 2011 To: November 30, 2011]	13th Fiscal Period [From: December 1, 2011 To: May 31, 2012]
Net income (thousand yen)	1,766,878	2,021,315
Amounts not attributable to common unitholders (thousand yen)	—	—
Net income attributable to common investment units (thousand yen)	1,766,878	2,021,315
Average number of investment units during the period (unit)	395,798	395,798

**[Notes to Significant Subsequent Events]**

Not applicable.

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

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

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

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

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

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

#### 4. Changes in Directors

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

Not applicable.

Kazuo Otaka will resign from executive director on August 20, 2012 at his term. The Investment Corporation will provide the agenda of the appointment of the executive director at the 7th Unitholder's meeting on August 20, 2012.

Candidate of Executive Director : Nobuaki Omura (effective August 20, 2012)

Name	Career summary	
Nobuaki Omura	Apr. 1971	Joined Daiwa Securities Co. Ltd. (currently, Daiwa Securities Group Inc.)
	May. 1996	Head of Accounting Department and Operating Department
	Feb. 1997	Head of Fixed Income Department
	Jun. 1997	Director
	Oct. 1997	General Manager of Fixed Income & Treasury and Derivative Products
	Dec. 1997	Officer of Financial Products
	Nov. 1998	Officer of Financial Products and International Operating Department
	Feb. 1999	Senior Officer of Investment Bank Operation and Overseas Office
	Apr. 1999	Executive Managing Director of Daiwa SB Capital Markets Co. Ltd.
	Feb. 2000	Officer of Investment Bank Operation, M&A and Structured Finance
	Apr. 2001	Senior Officer of Corporate Finance and Officer of Principal Finance
	Jun. 2002	Senior Officer of Overseas
	Jun. 2003	Senior Executive Director
	Apr. 2006	President, Daiwa SB Investments Ltd.
	Apr. 2010	Special Advisor
Mar. 2012	Resigned from Special Advisor	
Aug. 2012	Executive Director of Daiwa Office Investment Corporation (planned)	

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

Changes in directors took place at the Asset Manager, effective March 31, April 1 and June 25, 2012.

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

Title	Name	Career summary		Number of shares held
President and Representative Director	Akira Yamanouchi	Apr. 1986	Joined Marubeni Corporation	—
		Apr. 2002	Joined Pacific Management Corporation (currently, Pacific Holdings, Inc.)	
		May 2002	Temporarily transferred to Pacific Investment Advisors Corporation (currently, AD Investment Management Co., Ltd.)	
		Mar. 2003	President and Representative Director of Pacific Investment Advisors Corporation (with employment transfer)	
		Aug. 2004	Executive Director of Nippon Residential Investment Corporation (currently, Advance Residence Investment Corporation)	
		Aug. 2006	Resigned from office as Executive Director	
		Feb. 2008	Resigned from office as President and Representative Director of Pacific Investment Advisors Corporation	
		Feb. 2008	President and Representative Director of Pacific Investment Partners Inc. (currently, Cushman & Wakefield Asset Management K.K.)	
		Feb. 2009	Representative Director (part-time basis) of Pacific Holdings, Inc.	
		Mar. 2009	Resigned from Pacific Holdings, Inc.	
		July 2009	Executive Managing Director of Cushman & Wakefield Asset Management K.K.	
		Mar. 2010	Resigned from Cushman & Wakefield Asset Management K.K.	

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Title	Name	Career summary		Number of shares held
		Apr. 2010	Advisor of Daiwa Real Estate Asset Management Co., Ltd.	
		May 2010	President and Representative Director (current position)	
Vice President and Representative Director (Head of Fund management Department)	Yoshiki Nishigaki	Apr. 1992	Joined Cititrust & Banking Corporation	—
		May 1996	Joined K.K. DaVinci Advisors	
		Feb. 2006	Transferred to K.K. DaVinci Select (currently, Daiwa Real Estate Asset Management Co., Ltd.)	
		Mar. 2007	Head of IR & Business Planning Department	
		Mar. 2008	President and Representative Director	
		Nov. 2008	Executive Director, DA Office Investment Corporation (currently, Daiwa Office Investment Corporation)	
		May 2010	Vice President and Representative Director, Daiwa Real Estate Asset Management Co., Ltd.	
		Aug. 2010	Resigned from Executive Director, Daiwa Office Investment Corporation	
		Feb. 2011	Vice-President and Representative Director (Head of Advisory Department)	
		Apr. 2012	Vice-President and Representative Director (Head of Fund management Department) (current position)	
Vice-President and Representative Director (Head of Business Planning and Finance Department)	Yuji Shinotsuka	Apr. 1989	Joined Daiwa Securities Co. Ltd. (currently, Daiwa Securities Group Inc.)	—
		June 2009	Head of Corporate Planning Department	
		July 2009	Temporarily transferred to Daiwa Real Estate Asset Management Co., Ltd.	
			Vice-President and Representative Director (Head of IR & Planning Department)	
		Nov. 2009	Vice-President and Representative Director (Head of Corporate Planning Department)	
		Apr. 2011	Vice-President and Representative Director (Head of Business Planning and Finance Department) (current position)	
Director (Head of Administration Department)	Naoyuki Owa	Apr. 1986	Joined Tokyo High Court as Court Administrative Official	—
		Apr. 1990	Joined Daiwa Securities Co. Ltd. (currently, Daiwa Securities Group Inc.)	
		June 2006	Head of Corporate Planning Department and Treasury Department of Daiwa Securities SMBC Co., Ltd. (currently, Daiwa Securities Capital Markets Co. Ltd.)	
		Oct. 2006	Head of Corporate Planning Department of Daiwa Securities Group Inc.	
		July 2009	Temporarily transferred to Daiwa Real Estate Asset Management Co., Ltd.	
			Director (Head of Administration Department) (current position)	
Director (non-executive )	Toshihiro Matsui	Apr. 1985	Joined Daiwa Securities Co. Ltd. (currently, Daiwa Securities Group Inc.)	—
		May 2004	Head of Corporate Institutions Department (V) of Daiwa Securities SMBC Co., Ltd. (currently, Daiwa Securities Capital Markets Co. Ltd.)	
		Apr. 2005	Head of Corporate Institutions Department (IV)	
		Oct. 2005	Head of Corporate Finance Department	
		Oct. 2006	Head of Corporate Finance Department (I)	

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Title	Name	Career summary		Number of shares held
		Apr. 2007	Head of Fixed Income, Currency and Commodities (FICC) Department	
		Oct. 2008	Head of Business Planning Department of Daiwa Securities Group Inc.	
		Apr. 2009	Executive Officer	
		July 2009	Director (non-executive) of Daiwa Real Estate Asset Management Co., Ltd.	
		Apr. 2011	Executive Managing Director of Daiwa Securities Group Inc. (current position)	
Director (non-executive)	Mikita Komatsu	Apr. 1985	Joined Daiwa Securities Co. Ltd.	—
		Oct. 2005	Head of Finance Department, Daiwa Securities Group Inc.	
		Oct. 2008	President of Daiwa Securities SMBC Europe Limited (currently Daiwa Capital Markets Europe Limited)	
		Apr. 2010	Senior Managing Director, Daiwa Securities Capital Markets Co. Ltd.	
		Apr. 2011	Senior Managing Director, Daiwa Securities Group Inc (current position)	
		Apr. 2012	Director (non-executive) of Daiwa Real Estate Asset Management Co., Ltd. (current position)	
Statutory Auditor (non-executive)	Toshihiko Onishi	Apr. 1984	Joined Daiwa Securities Co. Ltd. (currently, Daiwa Securities Group Inc.)	—
		Apr. 2007	Managing Director, Assistant to Head of Planning of Daiwa Securities SMBC Co. Ltd. (currently, Daiwa Securities Capital Markets Co. Ltd.)	
			Executive Managing Director of Daiwa Securities SMBC Principal Investments Co. Ltd.	
		Apr. 2008	Executive Officers of Daiwa Securities SMBC Co. Ltd., and Representative Director and Deputy President of Daiwa Securities SMBC Principal Investments Co. Ltd.	
		Sept. 2009	Executive Officers of Daiwa Securities SMBC Co. Ltd.(Head of Principal Investments) Representative Director and Chairman of the Board of Daiwa Securities SMBC Principal Investments Co. Ltd.	
		Apr. 2010	Executive Officers of Daiwa Securities Capital Markets Co. Ltd.(Deputy Head of Corporate Finance and Co-Head of Global Investment Banking)	
		Apr. 2011	Corporate Executive Officers of Daiwa Securities Group Inc. (current position)	
		June 2011	Auditor (non-executive) of Daiwa Real Estate Asset Management Co., Ltd. (current position) Director of Daiwa Securities Group Inc. (current position)	

(Note 1) Hikari Sakagami resigned from Director (non-executive) on March 31, 2012.

(Note 2) Mikita Komatsu assumed office as Director (non-executive) on April 1, 2012.

(Note 3) Atusko Takahashi resigned from Director (full-time) on June 25, 2012.

## 5. Reference Information

### 5.1. Investment Status

Type of asset	Use	Region	13th Fiscal Period (As of May 31, 2012)	
			Total amount owned (million yen) (Note 1)	As a percentage of total assets (%)
Real estate	Office	Five Central Wards of Tokyo	16,656	5.1
Trust beneficial interest in real estate	Office	Five Central Wards of Tokyo	267,631	82.3
		Tokyo Metropolitan Area	18,178	5.6
		Major Regional Cities	4,858	1.5
Total			307,324	94.5
Deposits and other assets			17,991	5.5
Total amount of assets (Note 3)			325,315	100.0
			[307,324]	[94.5]

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

(Note 2) Type of asset of Daiwa Ginza and Daiwa Ginza Annex was changed from trust beneficial interest in real estate to real estate because the Investment Corporation dissolved the trust agreement of Daiwa Ginza and Daiwa Ginza Annex with The Bank of New York Mellon Securities Company Ltd. on December 12, 2011.

(Note 3) 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. You release the trust agreement.

## 5.2. Investment Real Estate Properties (As of May 31, 2012)

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

Region	Property name	Type of specific assets	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	13,722	14,000	4.5
	Daiwa Ginza Annex		3,050	2,933	2,960	1.0
	Daiwa Shibaura	Trust beneficial interest in real estate	8,265	8,132	7,400	2.6
	Daiwa Minami-Aoyama		4,550	4,487	3,930	1.5
	Daiwa Sarugakucho (Note 8)		3,190	3,172	2,720	1.0
	Daiwa A Hamamatsucho (Note 9)		2,865	2,808	2,870	0.9
	Daiwa Jingumae		2,800	2,746	1,930	0.9
	Daiwa Shibadaimon		2,578	2,447	2,620	0.8
	Daiwa Misakicho		2,346	2,219	2,470	0.7
	Daiwa Shimbashi 510		2,080	2,134	2,320	0.7
	BPS Square		1,560	1,368	1,510	0.5
	Daiwa Tsukiji		1,240	1,212	1,420	0.4
	Daiwa Tsukiji 616		2,440	2,309	2,400	0.8
	Daiwa Tsukishima		7,840	7,214	7,660	2.5
	Nihombashi MS Building		2,520	2,502	2,340	0.8
	Daiwa Azabudai		1,600	1,563	1,740	0.5
	Daiwa Shibuya SS		3,930	3,829	3,790	1.3
	Daiwa Nihombashi Honcho		7,420	7,168	6,780	2.4
	Daiwa Ginza 1-chome		4,620	4,545	4,270	1.5
	Daiwa Kyobashi		3,460	3,369	2,900	1.1
	Sunline Building No. 7 (Note 9)		2,680	2,643	2,170	0.9
	Daiwa Onarimon		13,860	13,651	13,000	4.4
	Shinjuku Maynds Tower (Note 9)		133,800	131,543	108,000	42.7
	SHIBUYA EDGE		5,900	5,822	3,940	1.9
	Daiwa Kodenmacho		2,460	2,440	1,900	0.8
	Daiwa Jimbocho		4,150	4,165	2,760	1.3
	Daiwa Nishi-Shimbashi		5,000	5,128	4,860	1.6
	Daiwa Kudan		4,000	3,972	2,820	1.3
	Daiwa Kayabacho Building		5,600	5,590	6,110	1.8
	Jimbocho Place		3,550	3,606	3,660	1.1
	E SPACE TOWER	24,000	24,094	26,000	7.7	
	Nihonbashi Hongokucho Tosei Building	1,721	1,740	1,810	0.5	
Total for Five Central Wards of Tokyo (32properties)			289,175	284,287	255,060	92.3
Tokyo Metropolitan Area (Note 2)	Daiwa Kinshicho		3,653	3,445	3,220	1.2
	Daiwa Higashi-Ikebukuro		2,958	2,819	3,510	0.9
	Benex S-3		4,950	4,433	3,200	1.6
	Daiwa Shinagawa North		7,710	7,480	5,690	2.5
Total for Tokyo Metropolitan Area (4 properties)			19,271	18,178	15,620	6.2
Major Regional Cities (Note 3)	Daiwa Minami-Senba		4,810	4,858	2,850	1.5



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Total for Major Regional Cities (1 property)		4,810	4,858	2,850	1.5
Total (37properties)		313,256	307,324	273,530	100.0

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

(Note 2) “Tokyo Metropolitan Area” is Tokyo (excluding the Five Central Wards of Tokyo), Kanagawa, Chiba and Saitama Prefectures.

(Note 3) “Major Regional Cities” are the Osaka metropolitan area (Osaka, Kyoto and Hyogo Prefectures), Nagoya metropolitan area (Aichi and Mie Prefectures), ordinance-designated cities (Sapporo, Sendai, Niigata, Shizuoka, Hamamatsu, Okayama, Hiroshima, Kitakyushu and Fukuoka Cities), and Hakodate, Asahikawa, Aomori, Morioka, Akita, Koriyama, Iwaki, Utsunomiya, Maebashi, Toyama, Kanazawa, Nagano, Gifu, Otsu, Nara, Wakayama, Kurashiki, Fukuyama, Shimonoseki, Takamatsu, Matsuyama, Kochi, Kurume, Nagasaki, Kumamoto, Oita, Miyazaki and Kagoshima Cities.

(Note 4) Acquisition price is the transaction value (excluding the amount equivalent to consumption taxes) of the applicable trust beneficial interest stated in the trust beneficial interest transaction contract.

(Note 5) Carrying amount is the book value after deducting depreciation amount as of May 31, 2012.

(Note 6) Estimated price at end of period is the price that has May 31, 2012 as the date of the price opinion stated in appraisal reports prepared by real estate appraisers of Tanizawa Sogo Appraisal Co., Ltd., Daiwa Real Estate Appraisal Co., Ltd., Morii Appraisal & Investment Consulting, Inc. and Japan Real Estate Institute in accordance with the articles of incorporation of the Investment Corporation and the rules of The Investment Trusts Association, Japan.

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

(Note 8) Acquisition price of Daiwa Sarugakucho is 3,190 million yen because the Investment Corporation acquired the land ownership (site) of Daiwa Sarugakucho at the acquisition price of 190 million yen on March 30, 2012.

(Note 9) For Daiwa A Hamamatsucho, Sunline Building No. 7 and Shinjuku Maynds Tower, the figures are those pertaining to the Investment Corporation’s ownership interest.

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

Region	Property name	Structure and number of floors (Note 1)	Construction completion (Note 2)	Leasable floor area (Note 3)	Leased floor area (Note 4)	Total number of tenants (Note 5)	Occupancy rate (%) (Note 6)	Rent revenue during current period (thousand yen) (Note 7)
Five Central Wards of Tokyo	Daiwa Ginza	SRC B3 / 12F	July 1963	8,273.05	7,190.02	1 (26)	86.9	322,919
	Daiwa Ginza Annex	SRC B3 / 8F	Aug. 1972	2,032.99	2,032.99	1 (7)	100.0	64,448
	Daiwa Shibaura	SRC B1 / 12F	Oct. 1987	9,626.35	9,471.11	1 (52)	98.3	261,958
	Daiwa Minami-Aoyama	S / SRC B2 / 5F	Sept. 1990	2,715.54	2,715.54	1 (6)	100.0	105,122
	Daiwa Sarugakucho (Note 8)	SRC 8F	June 1985	3,657.43	3,657.43	1 (1)	100.0	-
	Daiwa A Hamamatsucho	SRC B2 / 10F	July 1993	3,663.38	3,663.38	1 (11)	100.0	137,785
	Daiwa Jingumae	RC B1 / 4F	Dec. 1997	2,198.61	2,198.61	1 (4)	100.0	56,151
	Daiwa Shibadaimon	SRC / RC B1 / 7F	Nov. 1996	2,385.58	1,861.38	1 (5)	78.0	64,147
	Daiwa Misakicho (Note 8)	S 8F	July 1996	2,137.53	2,137.53	1 (1)	100.0	-
	Daiwa Shimbashi 510	SRC B1 / 8F	Apr. 1974	2,715.61	2,708.79	1 (8)	99.7	86,138
	BPS Square (Note 8)	SRC 10F	Jan. 1996	2,852.97	0.00	1 (0)	0.0	-
	Daiwa Tsukiji	SRC B1 / 7F	Jan. 1990	1,487.82	1,487.82	1 (5)	100.0	51,634
	Daiwa Tsukiji 616	SRC B1 / 9F	Mar. 1994	2,932.65	2,632.52	1 (8)	89.7	77,720
	Daiwa Tsukishima	S 5F	July 1996	8,426.85	8,426.85	1 (3)	100.0	286,370
	Nihombashi MS Building	SRC B2 / 7F	Apr. 1993	2,850.81	2,850.81	1 (8)	100.0	75,368
	Daiwa Azabudai	SRC B2 / 9F	Apr. 1984	1,705.44	1,705.44	1 (9)	100.0	60,034
	Daiwa Shibuya SS	SRC / S B1 / 9F	July 1977	2,967.65	2,584.28	1 (11)	87.0	112,332
	Daiwa Nihombashi Honcho	SRC B1 / 10F	Jan. 1964	7,419.75	6,325.52	1 (11)	85.2	143,954
	Daiwa Ginza 1-chome	SRC B2 / 11F	Jan. 1962	3,758.43	3,644.39	1 (12)	96.9	97,902
	Daiwa Kyobashi	SRC B1 / 8F	Oct. 1974	3,255.01	2,884.77	1 (8)	88.6	56,681
	Sunline Building No. 7	SRC B2 / 9F	Oct. 1987	2,405.04	2,126.98	1 (7)	88.4	63,668
	Daiwa Onarimon	SRC 9F	Apr. 1973	11,615.37	11,615.37	1 (9)	100.0	358,681
	Shinjuku Maynds Tower (Note 9)	S / SRC B3 / 34F	Sept. 1995	45,544.04	45,539.31	1 (37)	99.9	2,546,329
	SHIBUYA EDGE	RC B1 / 9F	Aug. 2006	2,480.65	2,480.65	1 (6)	100.0	115,182
	Daiwa Kodenmacho	SRC 8F	Mar. 1985	2,379.31	2,379.31	1 (8)	100.0	64,684
	Daiwa Jimbocho	S B1 / 8F	Mar. 1997	3,166.62	653.10	1 (2)	20.6	57,150
	Daiwa Nishi-Shimbashi	SRC B1 / 10F	July 1993	4,815.84	3,835.35	1 (9)	79.6	113,237
Daiwa Kudan	SRC 9F	Mar. 1987	3,072.87	2,706.01	1 (4)	88.0	115,311	

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Region	Property name	Structure and number of floors (Note 1)	Construction completion (Note 2)	Leasable floor area (Note 3)	Leased floor area (Note 4)	Total number of tenants (Note 5)	Occupancy rate (%) (Note 6)	Rent revenue during current period (thousand yen) (Note 7)
	Daiwa Kayabacho Building (Note 8)	S/SRC B1/8F	Apr.2010	5,899.11	5,899.11	1 (1)	100.0	-
	Jimbocho Place	S 9F	Feb.2010	2,889.34	2,889.34	1 (7)	100.0	108,730
	E SPACE TOWER	S・SRC B1/15F	Oct.2002	13,960.85	13,960.85	1 (7)	100.0	677,807
	Nihonbashi Hongokuchō Tosei Building	S 8F	May.2010	2,143.08	2,143.08	1 (6)	100.0	4,816
Total for Five Central Wards of Tokyo (32 properties)				177,435.57	166,407.64	32 (299)	93.7	6,604,519
Tokyo Metropolitan Area	Daiwa Kinshicho	S B1 / 5F	Jan. 1992	5,468.85	5,468.85	1 (6)	100.0	148,409
	Daiwa Higashi-Ikebukuro	SRC / S B1 / 9F	June 1993	4,631.75	4,175.37	1 (5)	90.1	129,122
	Benex S-3	S / SRC B1 / 12F	Feb. 1994	7,470.30	7,218.90	1 (24)	96.6	155,494
	Daiwa Shinagawa North	SRC B1 / 11F	July 1991	6,551.33	6,551.33	1 (14)	100.0	192,421
Total for Tokyo Metropolitan Area (4 properties)				24,122.23	23,414.45	4 (49)	97.0	625,448
Major Regional Cities	Daiwa Minami-Senba	SRC B1 / 8F	Sept. 1986	5,719.54	5,719.54	1 (7)	100.0	108,185
Total for Major Regional Cities (1 property)				5,719.54	5,719.54	1 (7)	100.0	108,185
Total (37 properties)				207,277.34	195,541.63	37 (355)	94.3	7,338,152

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

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

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

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

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

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

(Note 7) “Rent revenue during current period” is rent income, common area charges income, parking lot income and other income generated from the applicable investment real estate property during the 13th Fiscal Period, rounded down to the nearest thousand yen.

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

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

**5.2.3. Capital Expenditures for Assets under Management****A Capital Expenditures for 14th Fiscal Period**

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

Name of real estate properties (Location)	Purpose	Scheduled implementation period	Expected construction amount (million yen)		
			Total amount	Amount paid during current period	Total amount already paid
Daiwa Sarugakucho (Chiyoda-ku, Tokyo)	Renovation work for common area	From: Mar. 2012 To: June. 2012	187	–	–
BPS Square (Chuo-ku, Tokyo)	Construction work for updating package air conditioners	From: July. 2012 To: Sep. 2012	75	–	–
Shinjuku Maynds Tower (Shibuya-ku, Tokyo)	Construction work for iron parts paint of roof etc. (east side)	From: Sep. 2012 To: Nov. 2012	40	–	–
Shinjuku Maynds Tower (Shibuya-ku, Tokyo)	Construction work for installation of CT soundproof wall	From: June. 2012 To: Aug. 2012	36	–	–
Daiwa A Hamamatsucho (Chuo-ku, Tokyo)	Construction work for updating package air conditioners	From: July. 2012 To: Nov. 2012	32	–	–

**B Capital Expenditures during 13th Fiscal Period**

The following summarizes the primary construction work that constitutes capital expenditures implemented during the 13th Fiscal Period. Capital expenditures for the 13th Fiscal Period amounted to 640 million yen and, when combined with the 233 million yen in repair expenses charged to 13th Fiscal Period expenses, totals 874 million yen in construction work implemented.

Name of real estate properties (Location)	Purpose	Period	Construction amount paid (million yen)
Shinjuku Maynds Tower (Shibuya-ku, Tokyo)	Construction work for Introduction of heat source	From: Dec. 2011 To: May. 2012	245
Daiwa Nishi-Shimbashi (Minato-ku, Tokyo)	Construction work for energy conservation	From: Aug. 2011 To: Dec. 2011	131
Daiwa Jimbocho (Chiyoda-ku, Tokyo)	Renovation work for common area	From: Jan. 2012 To: Feb. 2012	40
Nihombashi MS Building (Chuo-ku, Tokyo)	Construction work for value-up on 5F.	From: Dec. 2011 To: Jan. 2012	10
Other		From: Dec. 2011 To: May 2012	212
Total			640

**C Reserve amount for Long-Term Repair Plans (Reserve for Repairs)**

The Investment Corporation sets aside the following reserve for repairs from cash flows during the fiscal period for the payment of future major repairs.

(Unit: million yen)

Fiscal period	9th Fiscal Period	10th Fiscal Period	11th Fiscal Period	12th Fiscal Period	13th Fiscal Period
	[From: Dec 1, 2009 To: May 31, 2010]	[From: June 1,2010 To: Nov 30, 2010]	[From: Dec 1, 2010 To: May 31, 2011]	[From: June 1, 2011 To: Nov 30, 2011]	[From: Dec 1, 2011 To: May 31, 2012]
Balance of reserve at end of previous period	–	643	803	1,369	1,239
Amount of reserve in current period	643	386	601	–	306
Reversal of reserve in current period	–	226	36	130	487
Amount carried forward to next period	643	803	1,369	1,239	1,058

**5.2.4. Summary of Estimated Price at End of Period (As of May 31, 2012)**

Property name	Estimated price at end of period (million yen) (Note 1)	Summary of Appraisal Report					Price indicated by the cost approach (million yen)
		Direct capitalization method		DCF method			
		Price (million yen)	Cap rate (%)	Price (million yen)	Discount rate (%)	Terminal cap rate (%)	
Daiwa Ginza	14,000	15,000	4.5	13,600	4.2	4.8	10,100
Daiwa Ginza Annex	2,960	3,010	4.4	2,900	4.1	4.7	2,770
Daiwa Shibaura	7,400	7,510	5.1	7,350	4.9	5.3	5,580
Daiwa Minami-Aoyama	3,930	4,010	4.8	3,850	4.5	5.1	3,340
Daiwa Sarugakucho	2,720	2,760	5.3	2,670	5.0	5.6	1,600
Daiwa A Hamamatsucho (Note 2)	2,870	2,930	4.8	2,850	4.6	5.0	1,780
Daiwa Jingumae	1,930	1,970	4.7	1,890	4.4	5.0	2,030
Daiwa Shibadaimon	2,620	2,710	4.7	2,580	4.5	4.9	1,600
Daiwa Misakicho	2,470	2,510	5.1	2,450	4.9	5.3	1,320
Daiwa Shimbashi 510	2,320	2,360	5.0	2,280	4.7	5.3	1,770
BPS Square	1,510	1,610	5.2	1,460	5.2	5.5	950
Daiwa Tsukiji	1,420	1,420	5.1	1,420	5.1	5.4	668
Daiwa Tsukiji 616	2,400	2,410	5.0	2,390	4.7	5.2	1,160
Daiwa Tsukishima	7,660	7,740	5.2	7,630	4.9	5.4	4,190
Nihombashi MS Building	2,340	2,380	4.9	2,300	4.6	5.2	1,570
Daiwa Azabudai	1,740	1,780	4.8	1,700	4.5	5.1	1,200
Daiwa Shibuya SS	3,790	4,000	4.8	3,700	4.5	5.1	2,710
Daiwa Nihombashi Honcho	6,780	7,150	4.9	6,620	4.5	5.2	3,960
Daiwa Ginza 1-chome	4,270	4,520	4.7	4,160	4.3	5.0	3,820
Daiwa Kyobashi	2,900	3,050	4.9	2,830	4.6	5.2	1,890
Sunline Building No. 7 (Note 2)	2,170	2,300	4.8	2,110	4.5	5.1	3,130
Daiwa Onarimon	13,000	13,300	4.7	12,700	4.4	5.0	10,000
Shinjuku Maynds Tower (Note 3)	108,000	132,000	4.0	123,000	3.8	4.1	98,500
SHIBUYA EDGE	3,940	4,140	4.6	3,860	4.3	4.9	2,840
Daiwa Kodonmacho	1,900	1,920	5.2	1,870	4.9	5.5	959
Daiwa Jimbocho	2,760	3,000	5.1	2,660	5.1	5.4	2,570
Daiwa Nishi-Shimbashi	4,860	5,040	4.9	4,780	4.6	5.1	3,360
Daiwa Kudan	2,820	3,030	4.9	2,740	4.9	5.2	1,970
Daiwa Kayabacho Building	6,110	6,240	4.5	6,060	4.3	4.7	4,560
Jimbocho Place	3,660	3,770	4.5	3,610	4.3	4.7	3,200
E SPACE TOWER	26,000	26,300	4.3	25,600	4.1	4.5	21,200
Nihonbashi Hongokucho Tosei Building	1,810	1,870	5.1	1,790	4.9	5.3	1,330
Daiwa Kinshicho	3,220	3,280	5.4	3,190	5.1	5.6	2,110
Daiwa Higashi-Ikebukuro	3,510	3,540	5.2	3,490	5.0	5.4	2,070
Benex S-3	3,200	3,220	5.8	3,180	5.5	6.1	3,280
Daiwa Shinagawa North	5,690	5,960	5.2	5,580	4.9	5.5	4,440
Daiwa Minami-Senba	2,850	2,900	5.5	2,790	5.2	5.8	1,880
Total	273,530	302,640	-	285,640	-	-	221,407

(Note 1) "Estimated price at end of period" is the price that has May 31, 2012 as the date of the price opinion stated in appraisal reports prepared by real estate appraisers of Tanizawa Sogo Appraisal Co., Ltd., Daiwa Real Estate Appraisal Co., Ltd., Morii Appraisal & Investment Consulting, Inc. and Japan Real Estate Institute in accordance with the articles of incorporation of the Investment Corporation and the rules of The Investment Trusts Association, Japan.

(Note 2) For Daiwa A Hamamatsucho and Sunline Building No. 7, the prices are those pertaining to the Investment Corporation's ownership interest.

(Note 3) For Shinjuku Maynds Tower, the estimated price at end of period is the price pertaining to the Investment Corporation's ownership interest, and the price indicated by the direct capitalization method, price indicated by the DCF method and price indicated by the cost approach are the prices pertaining to the entire Property.

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

The following table listed the status of income (loss), etc. of each property for the 13th Fiscal Period (from December 1, 2011 to May 31, 2012). Income (loss) information is presented in the “Significant Accounting Policies” outlined earlier.

Region		Five Central Wards of Tokyo				
Property name		Daiwa Ginza	Daiwa Ginza Annex	Daiwa Shibaura	Daiwa Minami-Aoyama	Daiwa Sarugakucho (Note 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 (%)	4.5	1.0	2.6	1.5	1.0
	Carrying amount (million yen)	13,722	2,933	8,132	4,487	3,172
	Estimated price at end of period (million yen)	14,000	2,960	7,400	3,930	2,720
Leasing information	Number of tenants (Note 1)	26	7	52	6	1
	Leasable floor area (m <sup>2</sup> )	8,273.05	2,032.99	9,626.35	2,715.54	3,657.43
	Leased floor area (m <sup>2</sup> )	7,190.02	2,032.99	9,471.11	2,715.54	3,657.43
	Occupancy rate (%)					
	End of May 2010	89.2	86.5	99.1	100.0	100.0
	End of Nov. 2010	91.1	86.5	97.1	100.0	100.0
	End of May 2011	80.1	88.0	98.8	100.0	100.0
End of Nov. 2011	84.9	100.0	99.1	100.0	0.0	
End of May 2012	86.9	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)	322,919	64,448	264,758	105,122	—
	Rent revenue – real estate	322,919	64,448	261,958	105,122	—
	Other lease business revenue	—	—	2,800	—	—
	Total property leasing expenses (B) (thousand yen)	159,401	40,503	89,986	40,745	—
	Consignment expenses	19,440	5,093	16,233	5,730	—
	Utilities expenses	26,993	5,204	22,410	7,306	—
	Taxes and dues	26,361	8,810	20,588	11,883	—
	Non-life insurance expenses	456	111	455	165	—
	Repair expenses	5,247	3,260	5,237	4,281	—
	Depreciation (C)	68,889	18,023	25,061	11,377	—
	Other lease business expenses	12,011	—	0	—	—
	Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen)	163,517	23,945	174,771	64,377	—
NOI (E) [(D) + (C)] (thousand yen)	232,407	41,968	199,833	75,754	(20,696)	
Capital expenditures (F) (thousand yen)	4,460	2,516	12,117	736	12,321	
NCF [(E) – (F)] (thousand yen)	227,947	39,452	187,715	75,018	(33,018)	
Reference information	Expense rate (%) [(B) ÷ (A)]	49.36	62.85	33.99	38.76	—
	Annual amount of fixed property tax, etc. for fiscal 2012 (thousand yen)	55,332	18,090	37,993	22,973	5,497
	Estimated long-term repair expenses (thousand yen) (Note 2)	128,190	34,770	218,640	111,190	162,170

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Region		Five Central Wards of Tokyo				
Property name		Daiwa A Hamamatsucho	Daiwa Jingumae	Daiwa Shibadaimon	Daiwa Misakicho (Note 4)	Daiwa Shimbashi 510
Acquisition date		Oct. 2005	Oct. 2005	Oct. 2005	Oct. 2005	Oct. 2005
Price information	Acquisition price (million yen)	2,865	2,800	2,578	2,346	2,080
	Investment ratio (%)	0.9	0.9	0.8	0.7	0.7
	Carrying amount (million yen)	2,808	2,746	2,447	2,219	2,134
	Estimated price at end of period (million yen)	2,870	1,930	2,620	2,470	2,320
Leasing information	Number of tenants (Note 1)	11	4	5	1	8
	Leasable floor area (m <sup>2</sup> )	3,663.38	2,198.61	2,385.58	2,137.53	2,715.61
	Leased floor area (m <sup>2</sup> )	3,663.38	2,198.61	1,861.38	2,137.53	2,708.79
	Occupancy rate (%)					
	End of May 2010	100.0	0.0	100.0	100.0	88.2
	End of Nov. 2010	100.0	78.5	100.0	100.0	100.0
	End of May 2011	100.0	78.5	100.0	100.0	100.0
End of Nov. 2011	100.0	78.5	100.0	100.0	97.4	
End of May 2012	100.0	100.0	78.0	100.0	99.7	
Income (loss) information	Number of days of asset management	183	183	183	183	183
	Total property leasing revenue (A) (thousand yen)	137,785	56,151	64,147	—	86,138
	Rent revenue – real estate	137,785	56,151	64,147	—	86,138
	Other lease business revenue	—	—	—	—	—
	Total property leasing expenses (B) (thousand yen)	70,996	29,372	36,635	—	59,504
	Consignment expenses	10,828	7,250	10,105	—	7,294
	Utilities expenses	9,110	4,764	5,209	—	5,612
	Taxes and dues	9,208	6,602	6,297	—	5,667
	Non-life insurance expenses	210	81	128	—	125
	Repair expenses	668	503	36	—	34,259
	Depreciation (C)	11,569	10,080	14,859	—	6,484
	Other lease business expenses	29,400	89	—	—	61
	Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen)	66,789	26,778	27,511	—	26,633
NOI (E) [(D) + (C)] (thousand yen)	78,358	36,858	42,371	65,521	33,118	
Capital expenditures (F) (thousand yen)	8,933	825	1,911	—	1,415	
NCF [(E) – (F)] (thousand yen)	69,424	36,033	40,459	65,521	31,703	
Reference information	Expense rate (%) [(B) ÷ (A)]	51.53	52.31	57.11	—	69.08
	Annual amount of fixed property tax, etc. for fiscal 2012 (thousand yen)	17,137	12,708	12,204	10,300	11,190
	Estimated long-term repair expenses (thousand yen) (Note 2)	115,840	84,980	98,390	129,500	117,390

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Region		Five Central Wards of Tokyo				
Property name		BPS Square (Note 4)	Daiwa Tsukiji	Daiwa Tsukiji 616	Daiwa Tsukishima	Nihombashi MS Building
Acquisition date		Jan. 2006	Jan. 2006	Mar. 2006	Mar. 2006	May 2006
Price information	Acquisition price (million yen)	1,560	1,240	2,440	7,840	2,520
	Investment ratio (%)	0.5	0.4	0.8	2.5	0.8
	Carrying amount (million yen)	1,368	1,212	2,309	7,214	2,502
	Estimated price at end of period (million yen)	1,510	1,420	2,400	7,660	2,340
Leasing information	Number of tenants (Note 1)	0	5	8	3	8
	Leasable floor area (m <sup>2</sup> )	2,852.97	1,487.82	2,932.65	8,426.85	2,850.81
	Leased floor area (m <sup>2</sup> )	0.00	1,487.82	2,632.52	8,426.85	2,850.81
	Occupancy rate (%)					
	End of May 2010	100.0	85.1	100.0	100.0	100.0
	End of Nov. 2010	100.0	85.1	87.0	100.0	100.0
	End of May 2011	100.0	100.0	100.0	100.0	100.0
End of Nov. 2011	100.0	100.0	100.0	100.0	100.0	
End of May 2012	0.0	100.0	89.7	100.0	100.0	
Income (loss) information	Number of days of asset management	183	183	183	183	183
	Total property leasing revenue (A) (thousand yen)	—	51,634	77,720	286,370	75,368
	Rent revenue – real estate	—	51,634	77,720	286,370	75,368
	Other lease business revenue	—	—	—	—	—
	Total property leasing expenses (B) (thousand yen)	—	19,736	42,431	120,909	33,189
	Consignment expenses	—	3,526	6,338	14,407	6,241
	Utilities expenses	—	3,192	6,790	24,117	5,597
	Taxes and dues	—	4,150	7,214	13,802	7,036
	Non-life insurance expenses	—	62	139	338	142
	Repair expenses	—	1,756	1,433	331	2,207
	Depreciation (C)	—	7,048	20,484	67,912	11,963
	Other lease business expenses	—	—	31	—	—
	Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen)	—	31,898	35,288	165,461	42,178
NOI (E) [(D) + (C)] (thousand yen)	14,250	38,946	55,773	233,373	54,142	
Capital expenditures (F) (thousand yen)	674	1,489	6,092	210	10,824	
NCF [(E) – (F)] (thousand yen)	13,575	37,457	49,680	233,163	43,317	
Reference information	Expense rate (%) [(B) ÷ (A)]	—	38.22	54.60	42.22	44.04
	Annual amount of fixed property tax, etc. for fiscal 2012 (thousand yen)	10,005	7,629	13,318	26,538	12,980
	Estimated long-term repair expenses (thousand yen) (Note 2)	114,750	49,770	73,410	331,450	139,000



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Region		Five Central Wards of Tokyo				
Property name		Daiwa Azabudai	Daiwa Shibuya SS	Daiwa Nihombashi Honcho	Daiwa Ginza 1-chome	Daiwa Kyobashi
Acquisition date		May 2006	May 2006	July 2006	July 2006	July 2006
Price information	Acquisition price (million yen)	1,600	3,930	7,420	4,620	3,460
	Investment ratio (%)	0.5	1.3	2.4	1.5	1.1
	Carrying amount (million yen)	1,563	3,829	7,168	4,545	3,369
	Estimated price at end of period (million yen)	1,740	3,790	6,780	4,270	2,900
Leasing information	Number of tenants (Note 1)	9	11	11	12	8
	Leasable floor area (m <sup>2</sup> )	1,705.44	2,967.65	7,419.75	3,758.43	3,255.01
	Leased floor area (m <sup>2</sup> )	1,705.44	2,584.28	6,325.52	3,644.39	2,884.77
	Occupancy rate (%)					
	End of May 2010	100.0	100.0	38.2	78.9	88.1
	End of Nov. 2010	100.0	100.0	65.2	97.4	100.0
	End of May 2011	100.0	100.0	73.5	97.9	42.1
End of Nov. 2011	100.0	100.0	73.5	88.1	53.7	
End of May 2012	100.0	87.0	85.2	96.9	88.6	
Income (loss) information	Number of days of asset management	183	183	183	183	183
	Total property leasing revenue (A) (thousand yen)	61,415	123,350	143,954	106,647	56,681
	Rent revenue – real estate	60,034	112,332	143,954	97,902	56,681
	Other lease business revenue	1,380	11,018	—	8,744	—
	Total property leasing expenses (B) (thousand yen)	20,558	57,468	66,855	50,270	47,991
	Consignment expenses	3,701	8,324	10,723	10,071	14,872
	Utilities expenses	3,404	8,721	13,327	7,326	5,894
	Taxes and dues	5,199	10,659	12,085	8,390	7,177
	Non-life insurance expenses	92	152	315	155	146
	Repair expenses	362	13,506	1,456	5,157	2,783
	Depreciation (C)	7,796	16,103	28,947	19,095	17,116
	Other lease business expenses	—	—	—	74	—
	Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen)	40,856	65,882	77,099	56,376	8,690
NOI (E) [(D) + (C)] (thousand yen)	48,653	81,985	106,046	75,471	25,806	
Capital expenditures (F) (thousand yen)	1,349	8,345	—	18,229	4,707	
NCF [(E) – (F)] (thousand yen)	47,304	73,640	106,046	57,242	21,098	
Reference information	Expense rate (%) [(B) ÷ (A)]	33.47	46.59	46.44	47.14	84.67
	Annual amount of fixed property tax, etc. for fiscal 2012 (thousand yen)	9,713	19,010	23,264	15,747	13,990
	Estimated long-term repair expenses (thousand yen) (Note 2)	67,880	113,840	116,900	191,730	61,450

## Daiwa Office Investment Corporation (8976) Financial Report for the 13th Fiscal Period

Region		Five Central Wards of Tokyo				
Property name		Sunline Building No. 7	Daiwa Onarimon	Shinjuku Maynds Tower	SHIBUYA EDGE	Daiwa Kodenmacho
Acquisition date		Oct. 2006	Dec. 2006	July and Nov. 2007	July 2007	Aug. 2007
Price information	Acquisition price (million yen)	2,680	13,860	133,800	5,900	2,460
	Investment ratio (%)	0.9	4.4	42.7	1.9	0.8
	Carrying amount (million yen)	2,643	13,651	131,543	5,822	2,440
	Estimated price at end of period (million yen)	2,170	13,000	108,000	3,940	1,900
Leasing information	Number of tenants (Note 1)	7	9	37	6	8
	Leasable floor area (m <sup>2</sup> )	2,405.04	11,615.37	45,544.04	2,480.65	2,379.31
	Leased floor area (m <sup>2</sup> )	2,126.98	11,615.37	45,539.31	2,480.65	2,379.31
	Occupancy rate (%)					
	End of May 2010	79.7	100.0	78.1	100.0	86.8
	End of Nov. 2010	80.5	100.0	99.9	100.0	100.0
	End of May 2011	79.7	100.0	99.9	100.0	100.0
	End of Nov. 2011	68.1	87.1	99.9	100.0	100.0
End of May 2012	88.4	100.0	99.9	100.0	100.0	
Income (loss) information	Number of days of asset management	183	183	183	183	183
	Total property leasing revenue (A) (thousand yen)	63,668	358,681	2,569,616	115,182	64,684
	Rent revenue – real estate	63,668	358,681	2,546,329	115,182	64,684
	Other lease business revenue	–	–	23,286	–	–
	Total property leasing expenses (B) (thousand yen)	39,468	114,742	1,275,739	37,579	21,921
	Consignment expenses	7,707	25,505	148,615	6,094	4,013
	Utilities expenses	5,503	20,993	288,990	6,296	4,258
	Taxes and dues	14,341	36,682	269,849	7,448	3,824
	Non-life insurance expenses	142	475	4,099	118	86
	Repair expenses	2,051	1,624	27,597	928	668
	Depreciation (C)	9,721	29,462	532,827	16,693	8,247
	Other lease business expenses	–	–	3,758	–	822
	Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen)	24,200	243,938	1,293,877	77,602	42,762
	NOI (E) [(D) + (C)] (thousand yen)	33,922	273,400	1,826,704	94,295	51,009
Capital expenditures (F) (thousand yen)	7,256	740	300,335	3,562	2,319	
NCF [(E) – (F)] (thousand yen)	26,665	272,660	1,526,369	90,732	48,690	
Reference information	Expense rate (%) [(B) ÷ (A)]	61.99	31.99	49.65	32.63	33.89
	Annual amount of fixed property tax, etc. for fiscal 2012 (thousand yen)	26,977	67,303	494,710	14,632	7,264
	Estimated long-term repair expenses (thousand yen) (Note 2)	68,810	236,800	2,502,610	48,290	70,970

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Region		Five Central Wards of Tokyo				
Property name		Daiwa Jimbocho	Daiwa Nishi-Shimbashi	Daiwa Kudan	Daiwa Kayabacho Building (Note 4)	Jimbocho Place
Acquisition date		Mar. 2010	Aug. 2010	Sep. 2010	Mar. 2011	Mar. 2011
Price information	Acquisition price (million yen)	4,150	5,000	4,000	5,600	3,550
	Investment ratio (%)	1.3	1.6	1.3	1.8	1.1
	Carrying amount (million yen)	4,165	5,128	3,972	5,590	3,606
	Estimated price at end of period (million yen)	2,760	4,860	2,820	6,110	3,660
Leasing information	Number of tenants (Note 1)	2	9	4	1	7
	Leasable floor area (m <sup>2</sup> )	3,166.62	4,815.84	3,072.87	5,899.11	2,889.34
	Leased floor area (m <sup>2</sup> )	653.10	3,835.35	2,706.01	5,899.11	2,889.34
	Occupancy rate (%)					
	End of May 2010	100.0	—	—	—	—
	End of Nov. 2010	100.0	85.5	90.7	—	—
	End of May 2011	100.0	79.1	100.0	100.0	100.0
End of Nov. 2011	100.0	55.0	88.1	100.0	100.0	
End of May 2012	20.6	79.6	88.0	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)	92,150	113,237	115,311	—	108,730
	Rent revenue – real estate	57,150	113,237	115,311	—	108,730
	Other lease business revenue	35,000	—	—	—	—
	Total property leasing expenses (B) (thousand yen)	92,351	103,698	78,280	—	33,856
	Consignment expenses	14,491	19,318	11,511	—	7,594
	Utilities expenses	6,109	9,301	6,796	—	6,394
	Taxes and dues	11,212	16,957	8,990	—	17
	Non-life insurance expenses	164	277	138	—	142
	Repair expenses	36,213	7,506	26,709	—	—
	Depreciation (C)	23,920	50,334	24,134	—	19,708
	Other lease business expenses	238	3	—	—	—
	Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen)	(201)	9,539	37,030	—	74,873
NOI (E) [(D) + (C)] (thousand yen)	23,719	59,873	61,164	160,502	94,581	
Capital expenditures (F) (thousand yen)	48,158	139,162	3,231	—	—	
NCF [(E) – (F)] (thousand yen)	(24,439)	(79,289)	57,933	160,502	94,581	
Reference information	Expense rate (%) [(B) ÷ (A)]	—	91.58	67.89	—	31.14
	Annual amount of fixed property tax, etc. for fiscal 2012 (thousand yen)	21,187	31,304	17,052	25,500	18,833
	Estimated long-term repair expenses (thousand yen) (Note 2) (Note 3)	126,090	187,140	141,450	38,440	26,390

## Daiwa Office Investment Corporation (8976) Financial Report for the 13th Fiscal Period

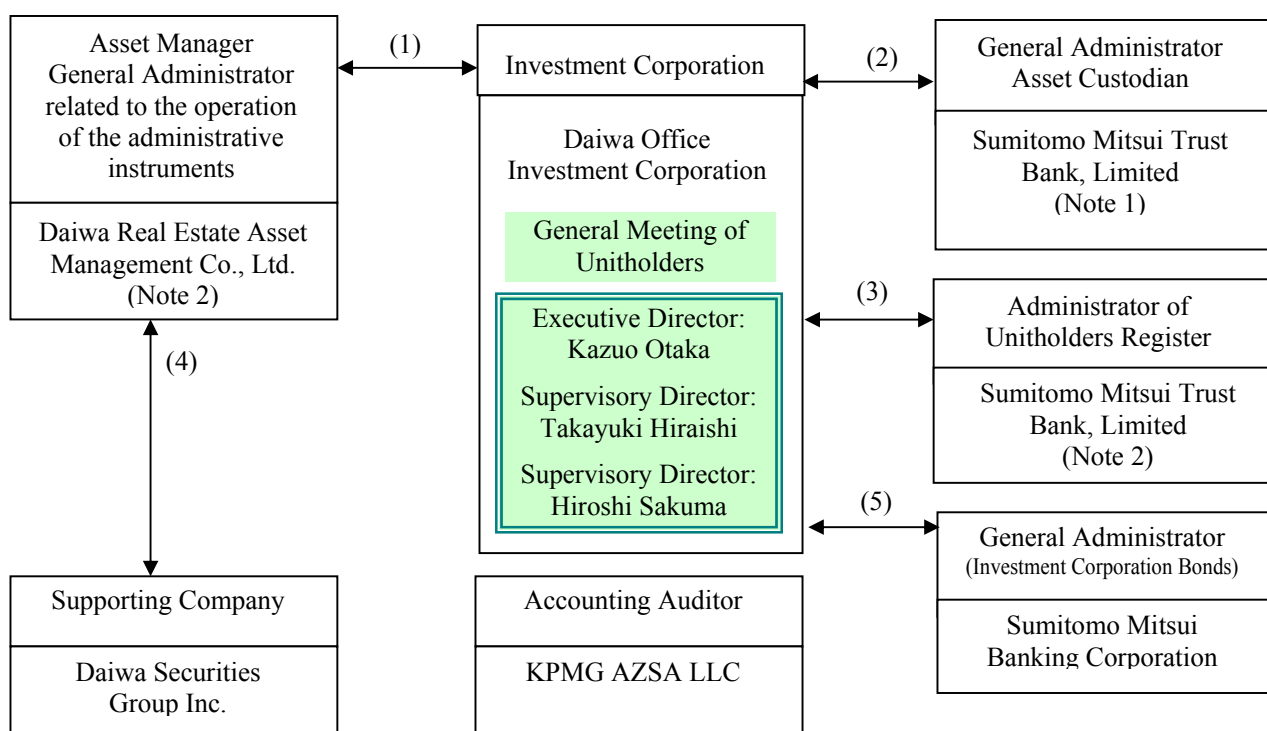
Region		Five Central Wards of Tokyo		Tokyo Metropolitan Area		
Property name		E-SPACE TOWER	Nihonbashi Hongokucho Tosei Building	Daiwa Kinshicho	Daiwa Higashi-Ikebukuro	Benex S-3
Acquisition date		July. 2011	May. 2012	Oct. 2005	Oct. 2005	May 2006
Price information	Acquisition price (million yen)	24,000	1,721	3,653	2,958	4,950
	Investment ratio (%)	7.7	0.5	1.2	0.9	1.6
	Carrying amount (million yen)	24,094	1,740	3,445	2,819	4,433
	Estimated price at end of period (million yen)	26,000	1,810	3,220	3,510	3,200
Leasing information	Number of tenants (Note 1)	7	6	6	5	24
	Leasable floor area (m <sup>2</sup> )	13,960.85	2,143.08	5,468.85	4,631.75	7,470.30
	Leased floor area (m <sup>2</sup> )	13,960.85	2,143.08	5,468.85	4,175.37	7,218.90
	Occupancy rate (%)					
	End of May 2010	—	—	100.0	100.0	80.4
	End of Nov. 2010	—	—	100.0	97.9	100.0
	End of May 2011	—	—	100.0	97.9	95.6
End of Nov. 2011	100.0	—	100.0	97.9	89.5	
End of May 2012	100.0	100.0	100.0	90.1	96.6	
Income (loss) information	Number of days of asset management	183	21	183	183	183
	Total property leasing revenue (A) (thousand yen)	677,807	4,816	148,409	135,753	155,494
	Rent revenue – real estate	677,807	4,816	148,409	129,122	155,494
	Other lease business revenue	—	—	—	6,630	—
	Total property leasing expenses (B) (thousand yen)	158,344	2,855	89,783	61,528	103,143
	Consignment expenses	47,595	659	19,580	11,706	19,257
	Utilities expenses	42,218	—	11,574	15,017	18,749
	Taxes and dues	15	—	13,069	9,630	23,955
	Non-life insurance expenses	724	10	280	269	419
	Repair expenses	4,934	—	16,901	2,600	1,472
	Depreciation (C)	62,738	2,185	28,377	22,303	39,290
	Other lease business expenses	118	—	—	—	—
	Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen)	519,462	1,960	58,626	74,225	52,351
NOI (E) [(D) + (C)] (thousand yen)	582,201	4,146	87,003	96,528	91,641	
Capital expenditures (F) (thousand yen)	16,366	—	3,348	985	2,842	
NCF [(E) – (F)] (thousand yen)	565,835	4,146	83,655	95,542	88,799	
Reference information	Expense rate (%) [(B) ÷ (A)]	23.36	59.29	60.50	45.32	66.33
	Annual amount of fixed property tax, etc. for fiscal 2012 (thousand yen)	114,694	—	23,383	17,546	30,537
	Estimated long-term repair expenses (thousand yen) (Note 2)	317,590	22,401	285,600	141,210	402,880

## Daiwa Office Investment Corporation (8976) Financial Report for the 13th Fiscal Period

Region		Tokyo Metropolitan Area	Major Regional Cities
Property name		Daiwa Shinagawa North	Daiwa Minami-Senba
Acquisition date		July 2007	Aug. 2007
Price information	Acquisition price (million yen)	7,710	4,810
	Investment ratio (%)	2.5	1.5
	Carrying amount (million yen)	7,480	4,858
	Estimated price at end of period (million yen)	5,690	2,850
Leasing information	Number of tenants (Note 1)	14	7
	Leasable floor area (m <sup>2</sup> )	6,551.33	5,719.54
	Leased floor area (m <sup>2</sup> )	6,551.33	5,719.54
	Occupancy rate (%)		
	End of May 2010	90.8	63.2
	End of Nov. 2010	95.2	91.7
	End of May 2011	100.0	91.7
Income (loss) information	Number of days of asset management	183	183
	Total property leasing revenue (A) (thousand yen)	196,921	108,185
	Rent revenue – real estate	192,421	108,185
	Other lease business revenue	4,500	—
	Total property leasing expenses (B) (thousand yen)	89,247	73,827
	Consignment expenses	15,314	14,840
	Utilities expenses	15,766	9,480
	Taxes and dues	19,644	17,060
	Non-life insurance expenses	377	250
	Repair expenses	4,985	1,198
	Depreciation (C)	33,159	30,998
	Other lease business expenses	—	—
	Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen)	107,674	34,357
	NOI (E) [(D) + (C)] (thousand yen)	140,834	65,355
Capital expenditures (F) (thousand yen)	5,581	9,889	
NCF [(E) – (F)] (thousand yen)	135,253	55,465	
Reference information	Expense rate (%) [(B) ÷ (A)]	45.32	68.24
	Annual amount of fixed property tax, etc. for fiscal 2012 (thousand yen)	36,328	21,749
	Estimated long-term repair expenses (thousand yen) (Note 2)	191,640	107,090

- (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 due to tenant's request.
- (Note 5) The Investment Corporation released all security interests on September 30, 2011.

### 5.3. Affiliated Juridical Persons of the Investment Corporation



(Note 1) Sumitomo Mitsui Banking Corporation changed corporate name to “Sumitomo Mitsui Trust Bank, Limited” on April 1, 2012.

(Note 2) The Chuo Mitsui Trust and Banking Co., Ltd. changed corporate name to “Sumitomo Mitsui Trust Bank, Limited” on April 1, 2011.

- (1) Asset management contract / General administrative contract related
- (2) General administrative affairs contract / Asset custodian contract
- (3) Unitholder register, etc. management contract / Special account management contract
- (4) Sponsor support agreement
- (5) Fiscal agency agreement