

## Investor Presentation

The **23<sup>rd</sup>** Period Ended **Aug. 2017**

October 19, 2017



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## 1. Financial Results

- ◆ Aug. 2017 DPU **4,964** yen (forecast as of Apr. 2017: 4,800 yen)
- ◆ Raised **46.4** Bn yen from the first equity offering after the merger

## 2. Operation Status

- ◆ Acquired **15** properties for **67.9** Bn yen in Apr.
- ◆ Replaced properties in Jul. and Aug.  
(acquired **2** properties for **5.4** Bn yen and sold **7** properties for **10.1** Bn yen)
- ◆ Aug. 2017 occupancy remained stable at a high level of **99.2** % (+**0.2** p.p.)

## 3. Financial Status

- ◆ JCR credit rating upgraded to “**AA (Stable)**” from “**AA- (Positive)**” in Oct.
- ◆ Further lengthening and diversifying debt maturities and fixing interest rates

## 4. Initiatives to Pursue Growth

- ◆ Acquired **24** properties for **96.1** Bn yen since the transition to a diversified REIT upon the merger
- ◆ Aim **800** Bn yen in asset size by leveraging Daiwa House Group pipeline

## 5. Financial Forecasts

- ◆ Feb. 2018 Forecast DPU **5,050** yen
- ◆ Aug. 2018 Forecast DPU **4,900** yen



# 1. Financial Results

# Financial Highlights for August 2017 Period

## DPU

**4,964** yen

+164 yen vs Forecast

+164 yen vs Feb. 2017

## External Growth

◆ Acquisition of **17** properties  
**73.3** Bn yen

Logistics	13 properties
Residential	1 property
Retail	2 properties
Other	1 property

Sale of 7 residential properties

	Feb. 2017	Aug. 2017
Number of properties	189 properties	▶ <b>199</b> properties
AUM	513.7 Bn yen	▶ <b>577.7</b> Bn yen

## Financial Status

- ◆ Raised **46.4** Bn yen from equity offering
- ◆ Retained gain on sale of properties of **1.5** Bn yen
- ◆ NAV per unit **258,421** yen  
(+9,959 yen vs Feb. 2017)
- ◆ LTV (including goodwill) **41.4** %  
(-0.5 p.p. vs Feb. 2017)
- ◆ LTV (excluding goodwill) **46.5** %  
(-1.6 p.p. vs Feb. 2017)

## ■ NOI yield

Asset class	NOI (mil yen)	Acquisition price (mil yen)	NOI yield
Logistics	6,361	260,119	4.9%
Residential	6,828	250,448	5.4%
Retail	1,522	55,730	5.4%
Other	359	11,480	6.2%
<b>Portfolio</b>	<b>15,072</b>	<b>577,777</b>	<b>5.2%</b>

(Note) Excluding the 7 residential properties sold during the period ended Aug. 2017.

## ■ Period end occupancy

Asset class	Feb. 2017	Aug. 2017	Change
Logistics	100.0%	100.0%	—
Residential	97.0%	97.3%	+0.3 p.p.
Retail	99.4%	98.9%	-0.5 p.p.
Other	99.5%	100.0%	+0.5 p.p.
<b>Portfolio</b>	<b>99.0%</b>	<b>99.2%</b>	<b>+0.2 p.p.</b>

# Statement of Income for August 2017 Period

- ◆ Favorable occupancy led to an operating revenue increase for 9 consecutive periods and 4,964 yen of DPU
- ◆ Retained gain on sale of properties as reserve for distribution

(mil yen)

	Period ended Feb. 2017	Period ended Aug. 2017		Period ended Aug. 2017	
	Result	Result	Period-on-period change	Forecast as of 2017/4/19	Result vs Forecast
Operating Revenue	17,531	21,015	3,484	19,341	1,674
Rental revenue	17,531	19,479	1,948	19,341	138
Gain on sale of properties	—	1,536	1,536	—	1,536
Operating Expenses	11,963	11,623	-340	11,670	-47
Property operating expenses	7,493	7,906	412	7,928	-22
Property operating expenses (excluding depreciation)	4,132	4,193	60	4,214	-21
Depreciation	3,361	3,713	352	3,713	-0
Other operating expenses	4,465	3,716	-748	3,742	-25
Amortization of goodwill	1,982	1,982	—	1,982	—
Operating Income	5,567	9,392	3,825	7,670	1,722
Non-operating income	32	29	-2	4	24
Non-operating expenses	1,125	1,448	322	1,528	-80
Interest and borrowing related expenses	1,123	1,216	92	1,272	-56
Ordinary Income	4,474	7,974	3,500	6,146	1,828
Extraordinary losses	80	5	-74	15	-10
Net Income	4,393	7,968	3,574	6,129	1,838
Reversal of retained earnings for temporary difference adjustment	—	1,980	1,980	1,982	-1
Reversal (accumulation) of reserve for distribution <sup>(Note)</sup>	2,899	-1,559	-4,459	—	-1,559
Total distribution	7,292	8,389	1,096	8,112	277
DPU	4,800 yen	4,964 yen	164 yen	4,800 yen	164 yen

(Note) Reversal of reserve for distribution for the period ended Feb. 2017: Netting the amount of reversal (2,920 mil yen) and accumulation (21 mil yen)

## Major Variation Factors (vs Forecast)

[Contribution to income]

- Increase in operating revenue 1,674 mil yen
  - Favorable occupancy at residential properties
  - Gain on sale of properties
- Decrease in property operating expenses 22 mil yen
  - Decrease in management fees
  - Increase in repairs and maintenance expenses
- Decrease in other operating expenses 25 mil yen
  - Decrease in non-deductible consumption taxes
- Increase in non-operating revenue 24 mil yen
  - Recording of refunded consumption taxes
- Decrease in non-operating expenses 80 mil yen
  - Decrease in interest and borrowing related expenses
- Decrease in extraordinary losses 10 mil yen
  - Decrease in D Project Shin-Misato litigation expenses
- Accumulation of reserve for distribution -1,559 mil yen
  - Retained gain on sale of properties and refunded consumption taxes as reserve for distribution

## Capex, repairs, and restoration costs

(mil yen)

	Feb. 2017	Aug. 2017
Capex	843	865
Repairs and maintenance expenses	569	473
Restoration costs	293	305
<b>Total</b>	<b>1,706</b>	<b>1,644</b>

# Balance Sheet for August 2017 Period

- ◆ Raised 46.4 Bn yen of equity from the first global offering after the merger
- ◆ Increase in appraisal value from the compression of the cap rate (+12.2 Bn yen vs Feb. 2017)

(mil yen)

	Period ended Feb. 2017	Period ended Aug. 2017	Period-on-period change
Total Assets	604,142	682,359	78,216
Current assets	21,630	38,119	16,488
Non-current assets	582,418	644,154	61,735
Investment properties	494,701	557,708	63,007
Intangible assets	82,811	80,788	-2,022
Goodwill	77,306	75,324	-1,982
Total Liabilities	273,837	305,038	31,200
Current liabilities	57,428	21,274	-36,153
Interest-bearing debt	52,495	16,000	-36,495
Non-current liabilities	216,409	283,763	67,354
Interest-bearing debt	200,668	266,268	65,600
Net Assets	330,304	377,321	47,016
Retained earnings for temporary difference adjustment (Note 1)	—	14,748	14,748
Reserve for distribution (Note 2)	17,705	57	-17,647
LTV (including goodwill)	41.9 %	41.4 %	-0.5 p.p.
LTV (excluding goodwill)	48.1 %	46.5 %	-1.6 p.p.

Number of investment units issued	1,519,280 units	1,690,000 units	170,720 units
Net Assets per unit	217,408 yen	223,267 yen	5,859 yen
NAV per unit (Note 3)	248,462 yen	258,421 yen	9,959 yen

(Note 1) Retained earnings for temporary difference adjustment for the period ended Aug. 2017 represents the amount before reversal and the amount after reversal is 12,767 mil yen.

(Note 2) Reserve for distribution for the period ended Aug. 2017 represents the amount before accumulation and the amount after accumulation is 1,617 mil yen.

(Note 3) NAV per unit: (Net Assets + unrealized gain or loss) / number of investment units issued

## Major Variation Factors (period-on-period)

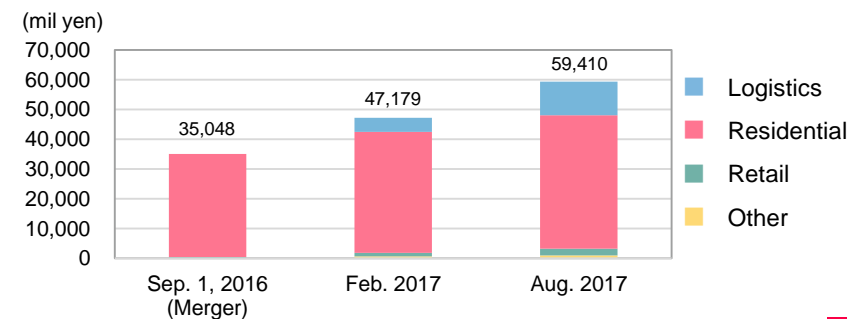
■ Increase in total assets	78,216 mil yen
• Acquisition of 17 properties	
• Sale of 7 properties	
• Increase in cash and cash equivalents	
■ Increase in interest-bearing debt	29,105 mil yen
• New loans	
■ Increase in net assets	47,016 mil yen
• Equity raised from the equity offering	

## Unrealized Gain by Asset Class

(mil yen)

Asset class	Book value	Appraisal value	Unrealized gain
Logistics	258,948	270,276	11,327
Residential	236,982	281,828	44,845
Retail	55,705	57,980	2,274
Other	11,376	12,340	963
<b>Total</b>	<b>563,013</b>	<b>622,424</b>	<b>59,410</b>

## Trend of Unrealized Gain





## 2. Operation Status





# Overview of Acquisitions in April 2017

Property name	Location	Asset class	Acquisition date	Acquisition price (mill yen)	Appraisal NOI yield (Note)	Property age (Note)	Lessee	(Average) lease term	(Average) remaining lease term (Note)
DPL Misato	Misato, Saitama	Logistics	Apr. 11, 2017	16,831	4.5%	3.8 years	Kokubu Group, ARATA, Kato Sangyo, Nitori, etc.	8.7 years	6.3 years
D Project Kawagoe III	Kawagoe, Saitama	Logistics	Apr. 11, 2017	7,200	5.0%	2.8 years	Hitachi Transport System Kanto	10.0 years	7.2 years
D Project Kazo	Kazo, Saitama	Logistics	Apr. 11, 2017	3,300	5.1%	2.7 years	Itochu Logistics	10.6 years	7.9 years
D Project Urayasu III	Urayasu, Chiba	Logistics	Apr. 11, 2017	8,500	4.8%	11.4 years	Daiwa Logistics	19.8 years	8.4 years
D Project Tomisato	Tomisato, Chiba	Logistics	Apr. 11, 2017	5,000	5.1%	2.0 years	Tokyo Nohin Daiko	10.8 years	8.8 years
D Project Kyotanabe	Kyotanabe, Kyoto	Logistics	Apr. 11, 2017	3,520	5.8%	4.5 years	Hutech norin	20.1 years	15.6 years
D Project Sendai Izumi	Sendai, Miyagi	Logistics	Apr. 11, 2017	1,510	5.7%	3.0 years	Mitsubishi Shokuhin	Not disclosed	Not disclosed
D Project Oyama	Oyama, Tochigi	Logistics	Apr. 11, 2017	2,000	5.8%	7.1 years	Mitsubishi Shokuhin	Not disclosed	Not disclosed
D Project Sano	Sano, Tochigi	Logistics	Apr. 11, 2017	1,780	5.8%	2.9 years	Toryusha	15.0 years	12.2 years
D Project Tatebayashi	Tatebayashi, Gunma	Logistics	Apr. 11, 2017	3,100	5.7%	1.6 years	Hitachi Transport System Kanto	15.0 years	13.4 years
D Project Kakegawa	Kakegawa, Shizuoka	Logistics	Apr. 11, 2017	6,000	5.8%	2.7 years	Hitachi Transport System Chubu	20.0 years	17.3 years
D Project Hiroshima Seifu	Hiroshima, Hiroshima	Logistics	Apr. 11, 2017	3,820	5.8%	2.3 years	MITSUI FOODS	Not disclosed	Not disclosed
D Project Tosu II	Tosu, Saga	Logistics	Apr. 11, 2017	1,700	5.5%	0.3 years	Marukyo Transportation	7.0 years	6.7 years
<b>Logistics Sub-total / Average</b>				<b>64,261</b>	<b>5.1%</b>	<b>4.2 years</b>	<b>—</b>	<b>13.5 years</b>	<b>9.7 years</b>
Castalia Shinsakae II	Nagoya, Aichi	Residential	Apr. 11, 2017	1,800	5.5%	1.2 years	Daiwa Living Management	—	—
Sharp Hiroshima Building	Hiroshima, Hiroshima	Other	Apr. 11, 2017	1,850	5.7%	1.2 years	Sharp	Not disclosed	Not disclosed
<b>Total / Average</b>				<b>67,911</b>	<b>5.1%</b>	<b>4.0 years</b>	<b>—</b>	<b>13.7 years</b>	<b>10.0 years</b>

(Note) Appraisal NOI yield, property age and (average) remaining lease term at the time of the acquisition of each property is indicated.



# Property Replacement in July - August 2017

- ◆ Sold 7 residential properties and acquired 2 retail properties
- ◆ Earmarking the remaining balance of cash reserves for future property acquisition, etc.

## 7 residential properties sold in July - August 2017 Total / Average

Sale price	Feb. 2017 NOI yield	Feb. 2017 NOI yield after depreciation	Property age
10,193 mil yen	5.2 %	3.6 %	13.0 years

## 2 retail properties acquired in August 2017 Total / Average

Acquisition price	Appraisal NOI yield	NOI yield after depreciation	Property age
5,400 mil yen	5.2 %	4.5 %	0.3 years

Property name	Location	Sale price (mil yen)	Feb. 2017 NOI yield (Note 1)	Feb. 2017 NOI Yield after depreciation (Note 1)	Property age (Note 2)
Castalia Maihama	Urayasu City, Chiba	650	5.4%	4.2%	14.3 years
Castalia Ichikawamyoden	Ichikawa City, Chiba	765	6.6%	5.6%	14.4 years
Castalia Urayasu	Ichikawa City, Chiba	578	6.1%	5.0%	14.4 years
Castalia Minamigyotoku	Ichikawa City, Chiba	527	4.9%	3.7%	14.4 years
Castalia Shinsakae	Nagoya City, Aichi	1,720	3.9%	1.9%	13.2 years
Aprile Tarumi	Kobe City, Hyogo	1,502	6.2%	4.8%	14.5 years
Castalia Nipponbashi Kouzu	Osaka City, Osaka	4,450	5.1%	3.4%	11.5 years

Property name	Location	Acquisition price (mil yen)	Appraisal NOI yield (Note 3)	NOI Yield after depreciation (Note 3)	Property age (Note 2)
ASOBOX (Land)	Kitakyushu City, Fukuoka	1,600	5.0%	5.0%	-
FOLEO Ome Imai	Ome City, Tokyo	3,800	5.3%	4.3%	0.3 years

Gain on sale of properties  
in the period ended Aug. 2017  
**1,536 mil yen**

Retained gain as reserve for  
distribution by utilizing tax  
loss carryforwards

(Note 1) NOI yield and NOI yield after depreciation for the properties sold are based on actual NOI for the period ended Feb. 2017 and acquisition price.

(Note 2) Property age at the time of sale or acquisition of each property is indicated.

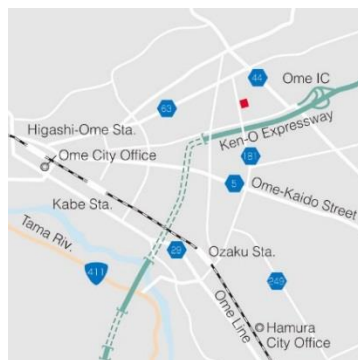
(Note 3) Appraisal NOI yield and NOI yield after depreciation for the properties acquired are based on appraisal NOI stated in the appraisal report at the time of the acquisition.

## RM-008 FOLEO Ome Imai

Retail (Mall-type)



Location	Ome City, Tokyo
Construction date	May 15, 2017
Acquisition price	3,800 mil yen
Appraisal value	3,850 mil yen
Appraisal NOI yield	5.3 %
Average lease term	20.1 years
Average remaining lease term	19.8 years (as of August 29, 2017)
Total leasable area	8,637.91 m <sup>2</sup>
Tenant	Belc, Tsuruha, Yamada Denki



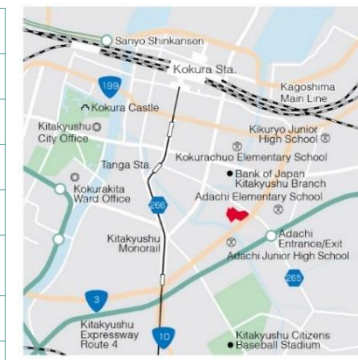
- Located adjacent to Ome IC of Metropolitan Inter-City Expressway (Ken-O Expressway) and surrounded by a mix of industrial area and residences where JR Ome Line runs on the west side and JR Hachiko Line on the east side
- Located in an area where large-scale retail facilities are concentrated, the property enjoys good access
- Retail complex with Belc (food supermarket) and Tsuruha (drugstore) on the first floor and Yamada Denki (electronics retailer) on the second floor
- Many young families live in this trade area

## RM-007 ASOBOX (Land)

Retail (Mall-type)



Location	Kitakyushu City, Fukuoka
Acquisition price	1,600 mil yen
Appraisal value	1,830 mil yen
Appraisal NOI yield	5.0 %
Lease term	20.0 years
Remaining lease term	20.0 years (as of August 29, 2017)
Total leasable area	11,207.90 m <sup>2</sup>
Tenant	Daiwa Information Service



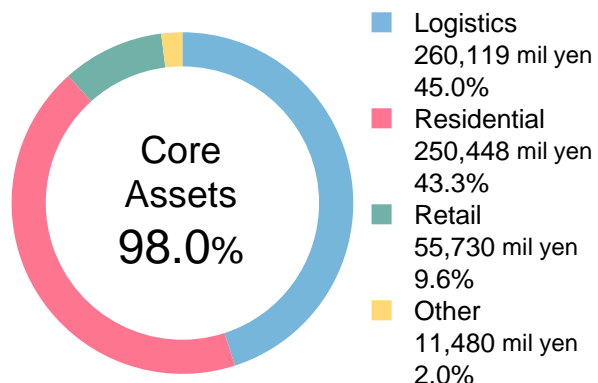
- Located approx. 1km from JR Kokura Sta. and facing the Nakatsuguchi intersection on National Route 3, the property enjoys high visibility and good accessibility by car
- Being also close to the Adachi Entrance/Exit of No.4 Kitakyushu Urban Expressway, the location has high potential for drawing customers visiting by car from across a wide area
- Retail complex with Don Quijote, the core tenant, on the first and second floors, GEO (CD/DVD rental store), Yoshinoya (beef bowl restaurant) and Onyasai (shabu shabu restaurant) on the first floor, Kaikatsu Club (Internet café and karaoke), etc. on the second floor, and a bowling alley on the third floor

# Portfolio Summary (as of August 31, 2017)

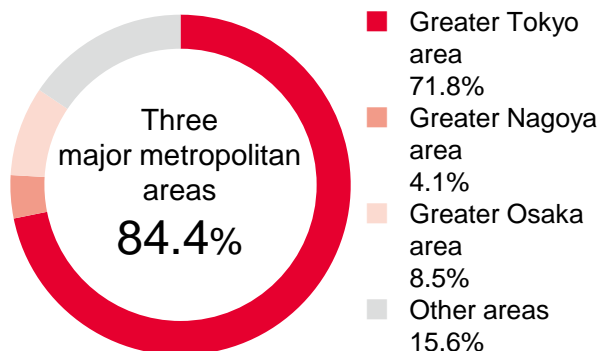
	Portfolio	Logistics	Residential	Retail	Other
Acquisition price	577,777 mil yen	260,119 mil yen	250,448 mil yen	55,730 mil yen	11,480 mil yen
Number of properties	199 properties	47 properties	135 properties	13 properties	4 properties
NOI yield <sup>(Note)</sup>	5.2 %	4.9 %	5.4 %	5.4 %	6.2 %
Average property age	9.2 years	7.2 years	11.6 years	8.9 years	5.9 years
Occupancy rate	99.2 %	100.0 %	97.3 %	98.9 %	100.0 %
Area breakdown	Greater Tokyo 71.8% Greater Nagoya 4.1% Greater Osaka 8.5% Other 15.6%	Greater Tokyo 69.1% Greater Nagoya 5.3% Greater Osaka 7.6% Other 18.0%	Greater Tokyo 82.4% Greater Nagoya 3.0% Greater Osaka 9.9% Other 4.7%	Greater Tokyo 48.2% Greater Nagoya 4.3% Greater Osaka 8.2% Other 39.3%	Greater Tokyo 17.7% Other 82.3%

(Note) Excluding the 7 residential properties sold during the period ended Aug. 2017.

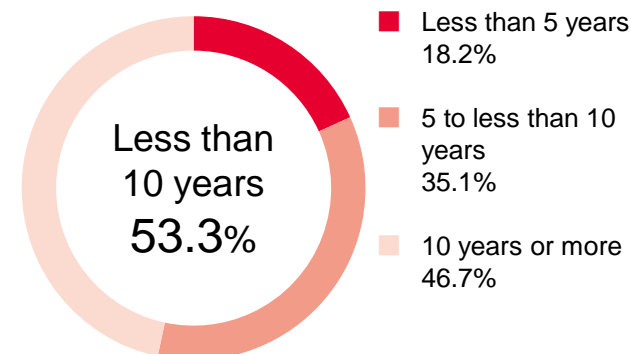
## // Portfolio by Asset Class (acquisition price basis)



## // Portfolio by Area (acquisition price basis)



## // Portfolio by Property Age (acquisition price basis)





## Operation Status

- 100% occupancy since the acquisitions
- < D Project Aikawa-Machi > Bought freezing and refrigeration facility on the first floor, installed air-conditioning equipment, installed LED light, switched to a direct contract with sub-lessee and concluded a new 15-year lease contract
  - Increased rent
- < D Project Hachioji, D Project Noda and D Project Kawagoe I > Installed LED light
- < D Project Inuyama > Installed solar power generation system on roof for rent
  - Increased rental revenue



## Rent Revision / Lease Contract Renewal

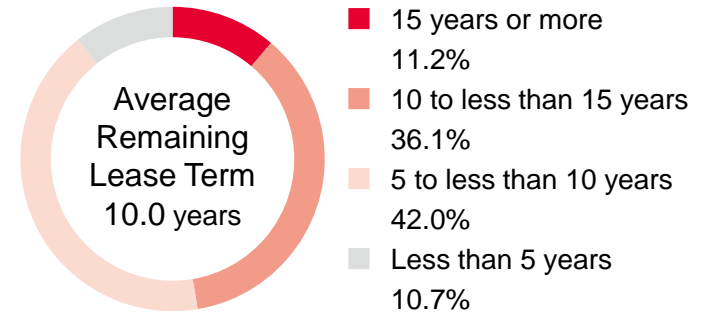
- Rent revision: D Project Kuki V and D Project Matsudo
  - Revised rent on equal terms
- < D Project Shin-Misato > in ongoing litigation
  - Taking into account the judgement and the current status, recorded provision for loss on litigation of 5 mil yen in the period ended Aug. 2017

## Future Plans for Internal Growth

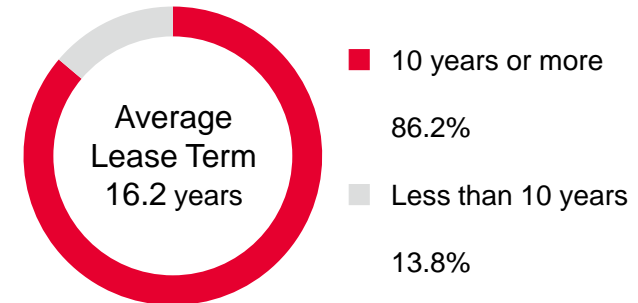
- Aim to increase revenue by investing in properties suited for tenant needs

D Project Sapporo Minami D Project Kakegawa D Project Yashio	<ul style="list-style-type: none"> <li>Installation of LED light                             <ul style="list-style-type: none"> <li>→ Increase rental revenue</li> </ul> </li> </ul>
D Project Aikawa-Machi	<ul style="list-style-type: none"> <li>Installation of freezing and refrigeration facility (part of the second floor)                             <ul style="list-style-type: none"> <li>→ Increase rental revenue</li> </ul> </li> </ul>

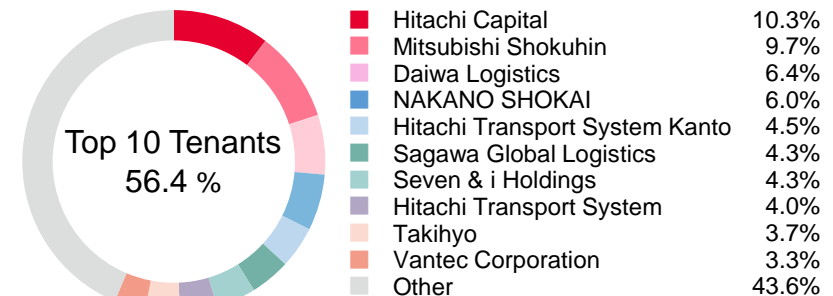
## Remaining Lease Term (annual rent basis)



## Lease Term (annual rent basis)



## % of Top 10 Tenants (leased area basis)



As of August 31, 2017

## Operation Status

- Period average occupancy at 97.1%, above forecast of 95.0%
- Performed major renovations for 3 properties

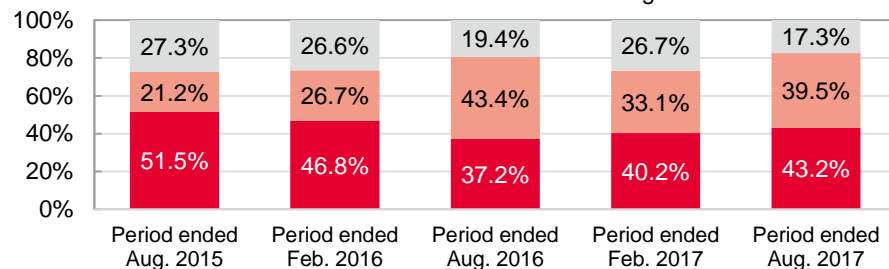
## Rents

- Monthly rents at tenant replacement increased for 5 consecutive periods
- Performed upgrade work for 15 residential units of 6 properties
  - Contracts were signed for 12 residential units at end of period with 6.1% increase in rents

## // Monthly Rent at Tenant Replacement

(Ratio of the number of tenant replacement)

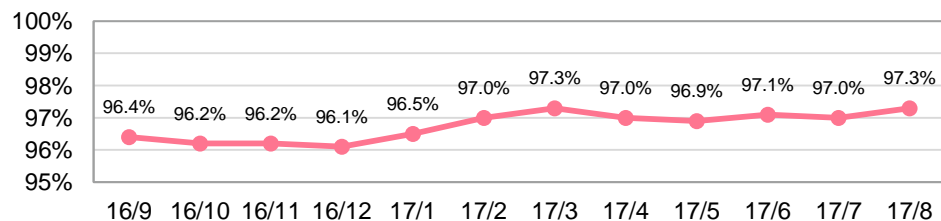
■ Rent increase ■ No change ■ Rent decrease



Net amount (thousand yen)	Period ended Aug. 2015	Period ended Feb. 2016	Period ended Aug. 2016	Period ended Feb. 2017	Period ended Aug. 2017
	+1,580	+764	+1,421	+856	+1,667

## // Monthly Occupancy Rate

● Residential Properties

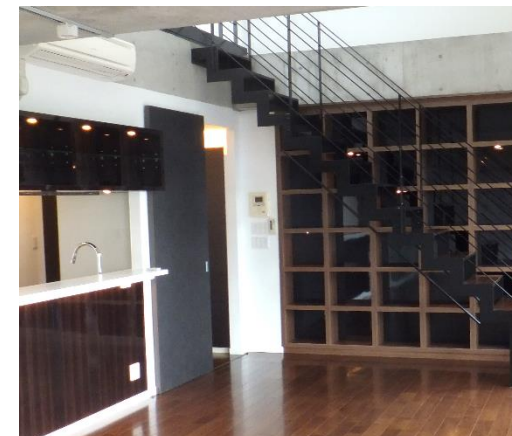


## // Performing Upgrade Work

Before



After



- Removing walls between a kitchen and a living room to open up the kitchen

Before



After



- Remodeling from a kitchen facing the wall to a popular peninsula kitchen

## Operation Status

■ Occupancy remained at a high level of 98.9%

- Move-ins: 4 units
- Move-outs: 5 units

■ < QiZ GATE URAWA >

- Replaced tenant with a competitive food supermarket
- LOPIA opened on May 23, 2017
- Currently leasing 5 vacant units (Negotiating with 2 potential tenants)



■ < FOLEO Hirakata >

- Performing renewal construction work such as refurbishing exterior wall and layout change, etc.
- Aim to attract more customers by introducing a discount supermarket
- Currently leasing 2 vacant units

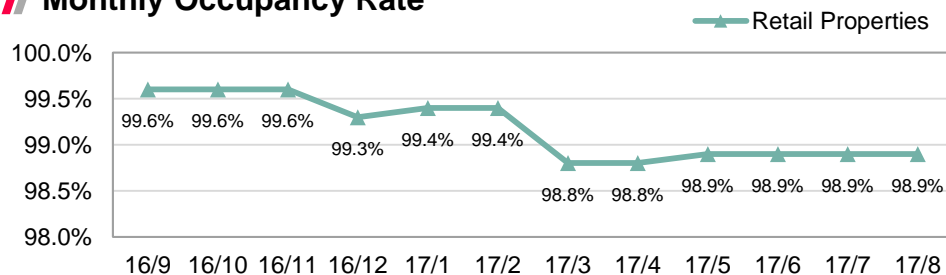
## Rent Revision / Lease Contract Renewal of Major Tenants

■ Rent revision:

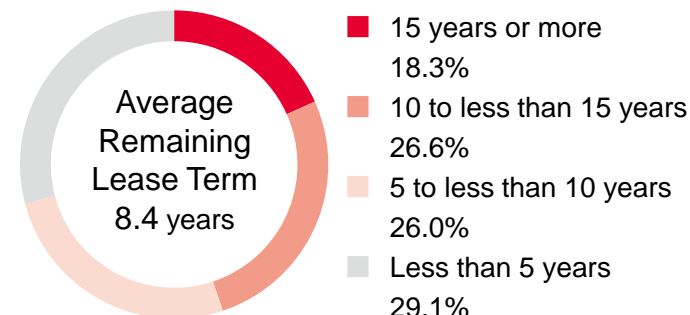
QiZ GATE URAWA (Core tenant B)

- Revised rent on equal terms

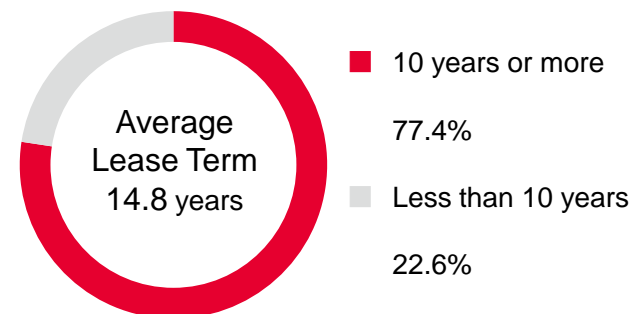
## Monthly Occupancy Rate



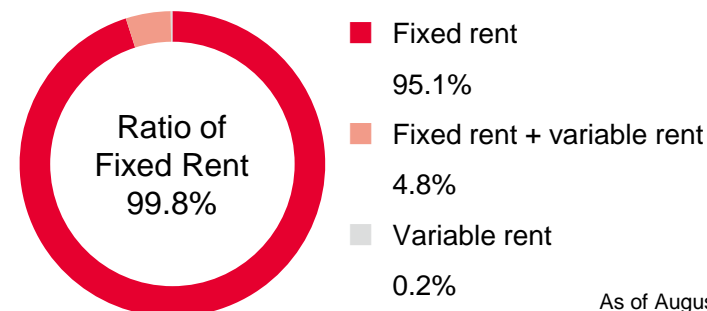
## Remaining Lease Term (annual rent basis)



## Lease Term (annual rent basis)



## Rent Type (leased area basis)



As of August 31, 2017



# 3. Financial Status



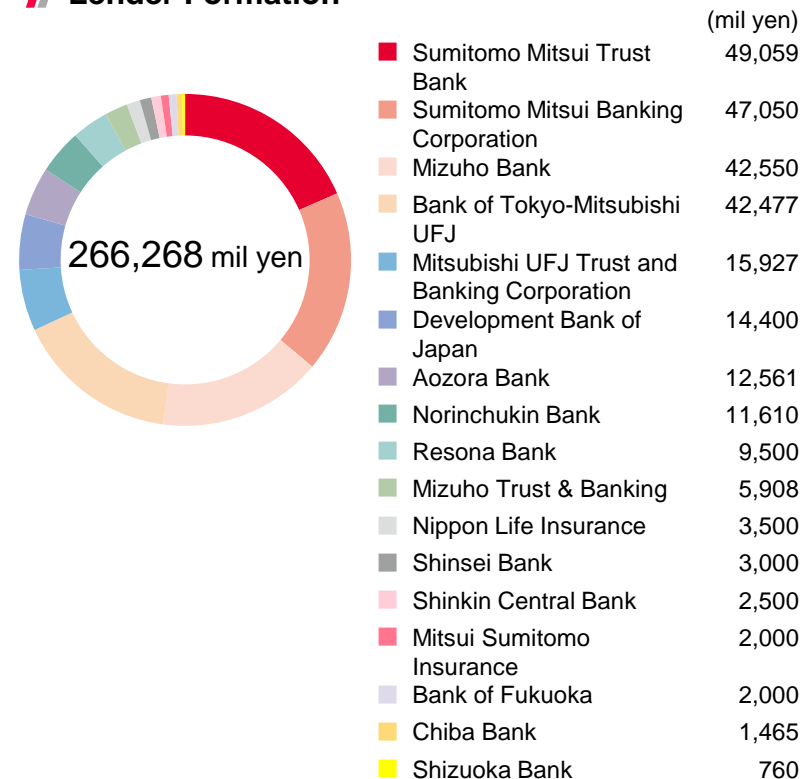
# Financial Status (1)

- ◆ JCR credit rating upgraded to “AA (Stable)” from “AA- (Positive)”
- ◆ DHR currently has 42.5 Bn yen of debt capacity for acquisition of up to 50% of LTV (excluding goodwill)

## // Financial Status

	Period ended Feb. 2017	Period ended Aug. 2017	Change
Interest-bearing debt	253,163 mil yen	282,268 mil yen	+29,105 mil yen
Loans	234,163 mil yen	266,268 mil yen	+32,105 mil yen
Bonds	19,000 mil yen	16,000 mil yen	-3,000 mil yen
LTV (including goodwill)	41.9 %	41.4 %	-0.5 p.p.
LTV (excluding goodwill)	48.1 %	46.5 %	-1.6 p.p.
Long-term interest- bearing debt ratio	79.3 %	94.3 %	+15.0 p.p.
Fixed interest ratio	90.3 %	93.8 %	+3.5 p.p.
Average interest rate	0.78 %	0.77 %	-0.01 p.p.
Average remaining maturity	4.7 years	5.6 years	+0.9 years
Commitment line	20,000 mil yen	20,000 mil yen	—

## // Lender Formation



## // Credit Rating

JCR	R&I
<b>AA (Stable)</b>	<b>A+ (Stable)</b>

# Financial Status (2)

- ◆ LTV within 40% to 50% range and maintain stable financial operation
- ◆ Further lengthening and diversifying debt maturities and fixing interest rates

## // Debt Financing in the Period Ended August 2017

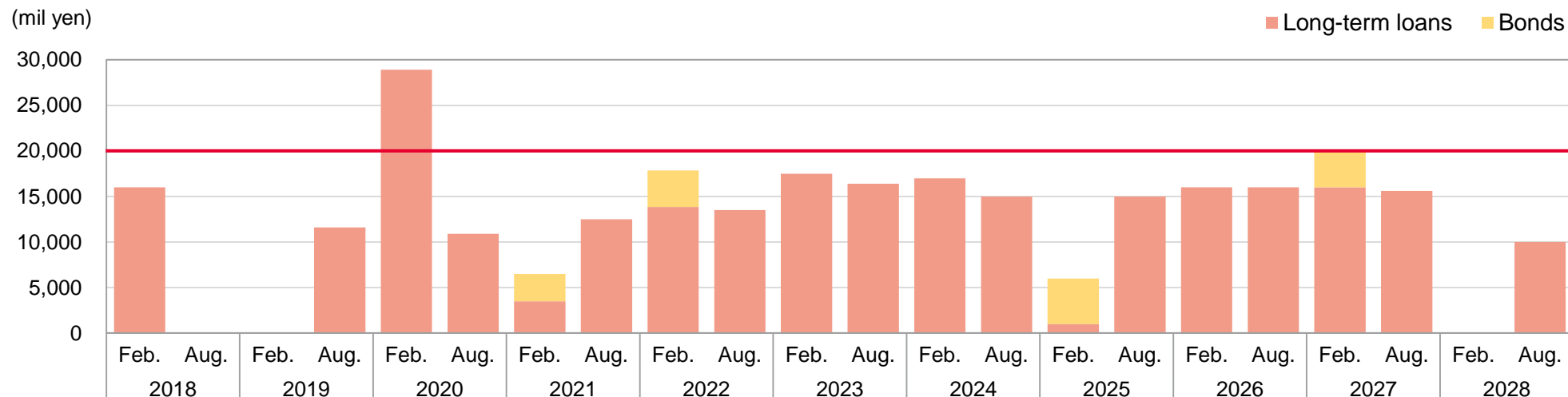
New Financing (as of procurement date)	
Financing amount	29,500 mil yen
Average interest rate	0.73 %
Average maturity	8.1 years

Repayment (as of repayment date)	
Repayment amount	36,495 mil yen
Average interest rate	0.77 %
Average maturity	4.3 years

Refinancing

Refinancing (as of procurement date)	
Financing amount	36,100 mil yen
Average interest rate	0.73 %
Average maturity	8.3 years

## // Diversified Maturity Ladder

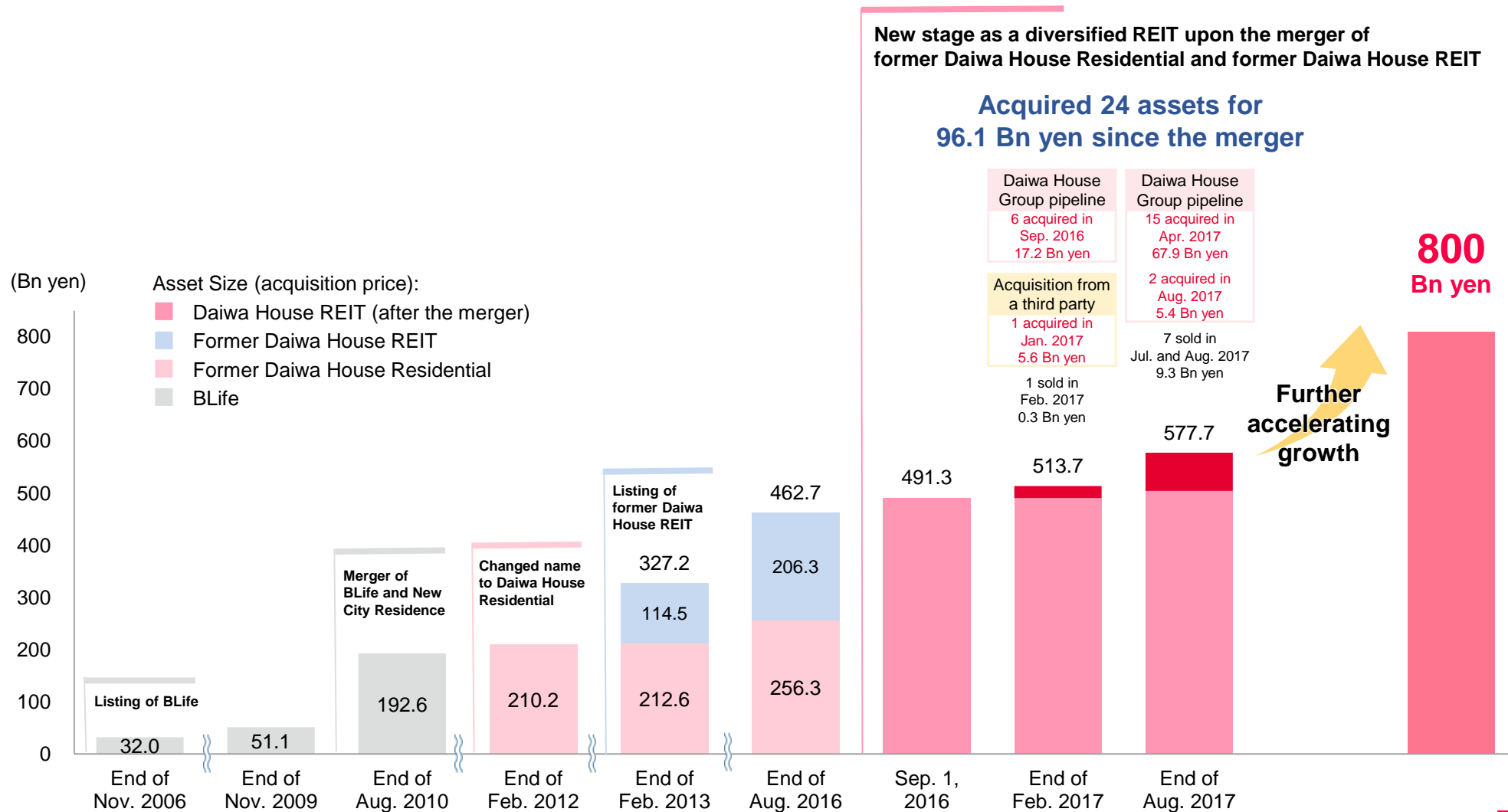




# 4. Initiatives to Pursue Growth

# Growth Track Record and Asset Size Target

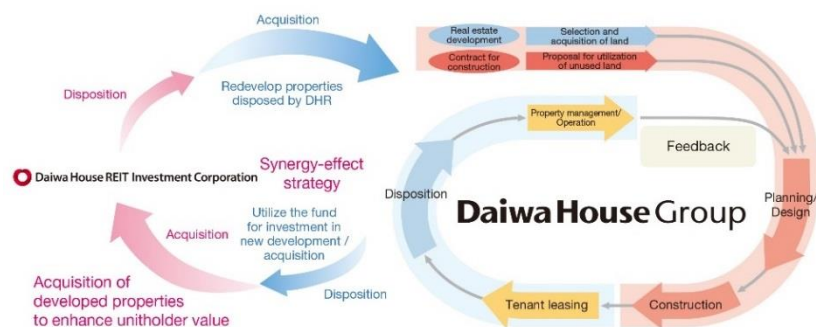
- ◆ Acquired 24 properties for 96.1 Bn yen since the transition to a diversified REIT upon the merger
- ◆ Aim 800 Bn in asset size by leveraging Daiwa House Group pipeline



- ◆ Accelerate growth by leveraging Daiwa House Group's comprehensive and integrated capabilities
- ◆ Acquire properties developed by Daiwa House Group based on the group's pipeline support

## Value Chain of Daiwa House Group

- ◆ Comprehensive and integrated capabilities from acquisition of land, design and construction, to management and operation



## Same Boat Investment by Daiwa House

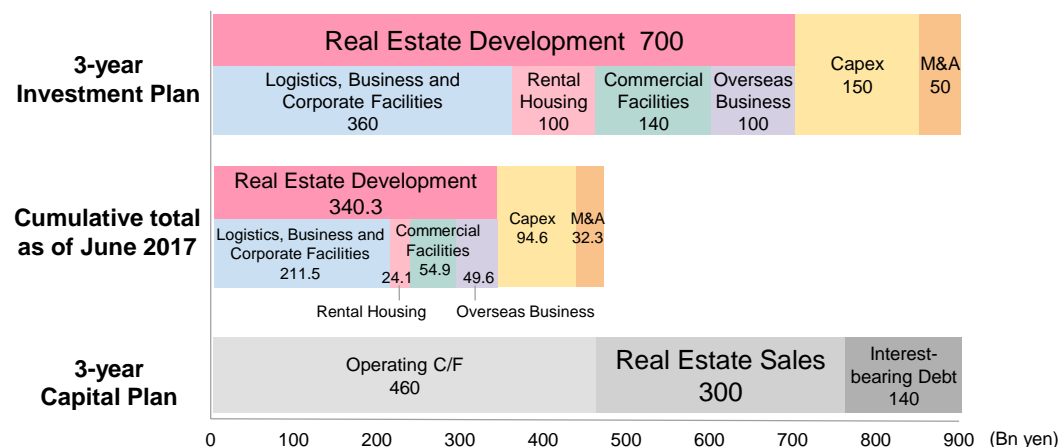
- ◆ In order to align interests between our unitholders and Daiwa House, Daiwa House intends to continue holding our units

**Daiwa House's investment in Daiwa House REIT (% of ownership)**

185,200 units (11.0%)

## 5<sup>th</sup> Medium-Term Management Plan of Daiwa House Group

- ◆ Daiwa House Group intends to invest 700 Bn yen in aggregate in the property development business according to its 5<sup>th</sup> Medium-Term Plan covering the fiscal year ending March 2017 through the fiscal year ending March 2019



(Source) Daiwa House Industry Co., Ltd.

## Real Estates Available for Sale of Daiwa House Group

(Bn yen)

As of June 30, 2017	Being rented	Not being rented	Total
Logistics, business & corporate facilities	101.7	365.4	467.1
Rental housing	15.3	6.0	21.3
Commercial facilities	49.8	40.6	90.4

(Source) Daiwa House Industry Co., Ltd.

# Pipeline of Daiwa House Group (1)

## Logistics Properties

Property Name	Type	Location	Completion	No. of Floors	Gross Floor Area
D Project Kita Hachioji Annex A	BTS	Hachioji City, Tokyo	Feb. 2011	5	15,352 m <sup>2</sup>
D Project Kita Hachioji Annex B	BTS	Hachioji City, Tokyo	Nov. 2011	4	18,762 m <sup>2</sup>
D Project Kita Hachioji Annex C	BTS	Hachioji City, Tokyo	Jun. 2014	4	26,310 m <sup>2</sup>
D Project Jonanjima	BTS	Ota Ward, Tokyo	May 2014	8	49,739 m <sup>2</sup>
D Project Itabashi Shingashi	BTS	Itabashi Ward, Tokyo	Dec. 2014	7	31,094 m <sup>2</sup>
D Project Sagamihara II	BTS	Sagamihara City, Kanagawa	Apr. 2015	2	17,576 m <sup>2</sup>
D Project Kuki Shoubu I Annex B	BTS	Kuki City, Saitama	Jan. 2010	1	2,940 m <sup>2</sup>
D Project Kuki III Annex K	BTS	Kuki City, Saitama	Sep. 2016	5	29,090 m <sup>2</sup>
D Project Kawagoe Annex A	BTS	Kawagoe City, Saitama	Jan. 2011	3	24,684 m <sup>2</sup>
D Project Wako Annex A	BTS	Wako City, Saitama	Apr. 2015	6	57,198 m <sup>2</sup>
D Project Matsudo Annex A	BTS	Matsudo City, Chiba	Apr. 2011	5	19,837 m <sup>2</sup>
D Project Chibakita	BTS	Chiba City, Chiba	Jun. 2016	2	25,123 m <sup>2</sup>
D Project Tomisato II	BTS	Tomisato City, Chiba	Mar. 2016	4	42,125 m <sup>2</sup>
D Project Inuyama Annex B	BTS	Inuyama City, Aichi	Jan. 2012	3	9,900 m <sup>2</sup>
D Project Sendai Izumi II	BTS	Sendai City, Miyagi	Oct. 2015	2	39,531 m <sup>2</sup>
D Project Kaminokawa	BTS	Kawachi District, Tochigi	Dec. 2010	6	48,033 m <sup>2</sup>
D Project Ibaraki Ishioka	BTS	Ishioka City, Ibaraki	Jul. 2015	2	24,524 m <sup>2</sup>
D Project Fuji	BTS	Fuji City, Shizuoka	Oct. 2013	2	24,176 m <sup>2</sup>
D Project Shikoku Sakaide Annex A	BTS	Sakaide City, Kagawa	Aug. 2015	1	27,995 m <sup>2</sup>
D Project Tosu III	BTS	Tosu City, Saga	Mar. 2012	5	64,984 m <sup>2</sup>
DPL Sagamihara	Multi-tenant	Sagamihara City, Kanagawa	Dec. 2013	5	82,685 m <sup>2</sup>
DPL Yokohama Daikoku	Multi-tenant	Yokohama City, Kanagawa	Feb. 2014	6	121,818 m <sup>2</sup>
DPL Kawasaki Yakou	Multi-tenant	Kawasaki City, Kanagawa	Mar. 2017	5	92,924 m <sup>2</sup>
DPL Ichikawa	Multi-tenant	Ichikawa City, Chiba	Jun. 2016	5	88,050 m <sup>2</sup>
DPL Sendai Port	Multi-tenant	Sendai City, Miyagi	Mar. 2017	2	63,098 m <sup>2</sup>
DPL Fukuoka Kasuya	Multi-tenant	Kasuya District, Fukuoka	Apr. 2014	7	87,682 m <sup>2</sup>

(Source) Daiwa House Industry Co., Ltd.

(Note) As of the date of this document, there are no planned acquisitions.

**D Project Kitahachioji  
Annex A, B and C**



**D Project Jonanjima**



**D Project Itabashi Shingashi**



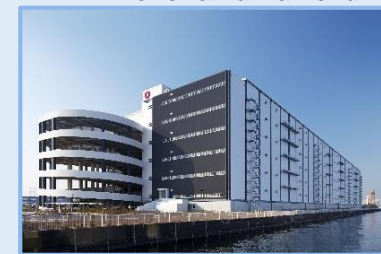
**D Project Wako Annex A**



**DPL Sagamihara**



**DPL Yokohama Daikoku**



**DPL Ichikawa**



**DPL Fukuoka Kasuya**





# Pipeline of Daiwa House Group (2)

## Residential Properties

Property Name	Type	Location	Completion (Planned)	No. of Residential Units
Royal Parks Ogikubo	Compact/family	Suginami Ward, Tokyo	Mar. 2005	Condominium: 157 units
Royal Parks Riverside	Compact/family	Adachi Ward, Tokyo	Dec. 2010	Condominium: 200 units
Royal Parks ER Sasashima	Compact/family/ shared house/ pay nursing homes/ nursery school/retail	Nagoya City, Aichi	Mar. 2015	Condominium: 430 units, shared house: 136 units, pay nursing homes: 66 units (annexed by senior day service), nursery school, retail: 2 sections
Roygent Higashi Kanda	Compact	Chiyoda Ward, Tokyo	May 2018	Condominium: 134 units
Roygent Kudanshita	Compact	Chiyoda Ward, Tokyo	Aug. 2017	Condominium: 48 units
Royal Parks ER Bandai	Compact/family/ medical mall	Niigata City, Niigata	Feb. 2018	Condominium: 427 units, medical mall

## Retail Properties

Property Name	Type	Location	Completion	No. of Floors	Gross Floor Area
iias Takao	Mall	Hachioji City, Tokyo	Jun. 2017	4	80,758 m <sup>2</sup>
FOLEO Shoubu	Roadside	Kuki City, Saitama	Mar. 2010	1	19,089 m <sup>2</sup>
FOLEO Otsu Ichiriyama	Mall	Otsu City, Shiga	Oct. 2008	2 + 1 basement	62,917 m <sup>2</sup>
iias Tsukuba	Mall	Tsukuba City, Ibaraki	Sep. 2008	5	112,509 m <sup>2</sup>
COMBOX Mito	Mall/hotel	Mito City, Ibaraki	Apr. 2006	13	18,497 m <sup>2</sup>
FOLEO Hakata	Mall	Fukuoka City, Fukuoka	Jan. 2008	3	23,230 m <sup>2</sup>

## Hotel Properties

Property Name	Type	Location	Completion (Planned)	No. of Floors	Gross Floor Area
Daiwa Royal Ariake Project	Hotel/retail/convention	Koto Ward, Tokyo	Mar. 2018	17 + 1 basement	22,500 m <sup>2</sup>
Daiwa Roynet Hotel Yokohama Kannai	Hotel	Yokohama City, Kanagawa	Aug. 2009	10 + 1 basement	8,567 m <sup>2</sup>

## Other Assets

Property Name	Type	Location	Completion (Planned)	Gross Floor Area/ No. of Floors
Hiroshima Futaba no Sato Project	Office/hotel/retail	Hiroshima City, Hiroshima	Mar. 2019	47,123 m <sup>2</sup>
Nerima Takamatsu Project	Assisted-living pay nursing homes	Nerima Ward, Tokyo	Feb. 2015 Jan. 2017	100 units 40 units
Shibuya Honmachi Project	Assisted-living pay nursing homes	Shibuya Ward, Tokyo	Oct. 2015	57 units
Utsunomiya Project	Serviced senior housing	Utsunomiya City, Tochigi	Sep. 2015	77 units

Royal Parks ER Sasashima



Roygent Higashi Kanda



FOLEO Otsu Ichiriyama



iias Tsukuba



Daiwa Royal Ariake Project



Hiroshima Futaba no Sato Project



Nerima Takamatsu Project



Shibuya Honmachi Project



(Source) Daiwa House Industry Co., Ltd.

(Note) As of the date of this document, there are no planned acquisitions.



# 5. Financial Forecasts





- ◆ Feb. 2018 DPU Forecast 5,050 yen from earnings contribution of new acquisitions
- ◆ Aug. 2018 DPU Forecast 4,900 yen (property taxes for 2017 acquisitions will be expensed)

(mil yen)

	Period ended Aug. 2017	Period ending Feb. 2018		Period ending Aug. 2018	
	Result	Forecast	Period-on- period change	Forecast	Period-on- period change
Operating revenue	21,015	19,540	-1,475	19,621	81
Operating expenses	11,623	11,748	124	12,055	307
Amortization of goodwill	1,982	1,982	—	1,982	—
Property taxes	1,228	1,202	-26	1,446	244
Depreciation	3,713	3,737	24	3,752	14
Operating income	9,392	7,792	-1,600	7,566	-226
Interest and borrowing related expenses	1,216	1,238	22	1,264	26
Investment unit issuance expenses	229	—	-229	—	—
Ordinary income	7,974	6,556	-1,417	6,303	-252
Extraordinary losses	5	3	-2	4	0
Net income	7,968	6,552	-1,415	6,298	-253
Reversal of retained earnings for temporary difference adjustment	1,980	1,982	1	1,982	—
Reversal (accumulation) of reserve for distribution	-1,559	—	1,559	—	—
Total distribution	8,389	8,534	145	8,281	-253

<Per unit information>

Net income	4,714 yen	3,877 yen	-837 yen	3,727 yen	-150 yen
DPU	4,964 yen	5,050 yen	86 yen	4,900 yen	-150 yen
[Forecast as of April 19, 2017]	[4,800 yen]	[5,050 yen]			

## Major Variation Factors for Feb. 2018 Forecast vs Aug. 2017 Result

	[Contribution to income]
■ Decrease in operating revenue	-1,475 mil yen
• Absence of gain on sale of properties	
• Full period contribution of 17 properties acquired in Aug. 2017 period	
• Decrease in revenue of 7 properties sold in Aug. 2017 period	
■ Increase in operating expenses	-124 mil yen
• Full period expenses for 17 properties acquired in Aug. 2017 period	
• Decrease in expenses of 7 properties sold in Aug. 2017 period	
• Increase in repairs and maintenance expenses	
■ Decrease in non-operating expenses	207 mil yen
• Absence of investment unit issuance expenses	
• Increase in interest expenses related to new loans	

## Major Variation Factors for Aug. 2018 Forecast vs Feb. 2018 Forecast

	[Contribution to income]
■ Increase in operating revenue	81 mil yen
• Increase in reimbursements for utility charges due to seasonal factors	
■ Increase in operating expenses	-307 mil yen
• Property taxes for acquisitions in 2017	
• Increase in repairs and maintenance expenses	
■ Increase in non-operating expenses	-26 mil yen
• Increase in interest expenses	



# Appendix



## // Treatment of Goodwill

Goodwill recognized from the merger

75,324 mil yen  
(as of Aug. 31, 2017)

- ◆ Goodwill is recorded as intangible non-current assets on B/S
- ◆ Amortized over 20 years using the straight-line method (1,982 mil yen per 6-month fiscal period)

## // Use of Retained Earnings

Retained earnings

14,384 mil yen  
(after distribution payment for the period ended Aug. 2017)

To pay distribution equivalent to goodwill amortization

Reversal of retained earnings

To cover loss on sale of property, etc.

To address dilution as a result of issuance of units

Reversal of retained earnings

Tax-loss carry-forwards

35,228 mil yen (Note)

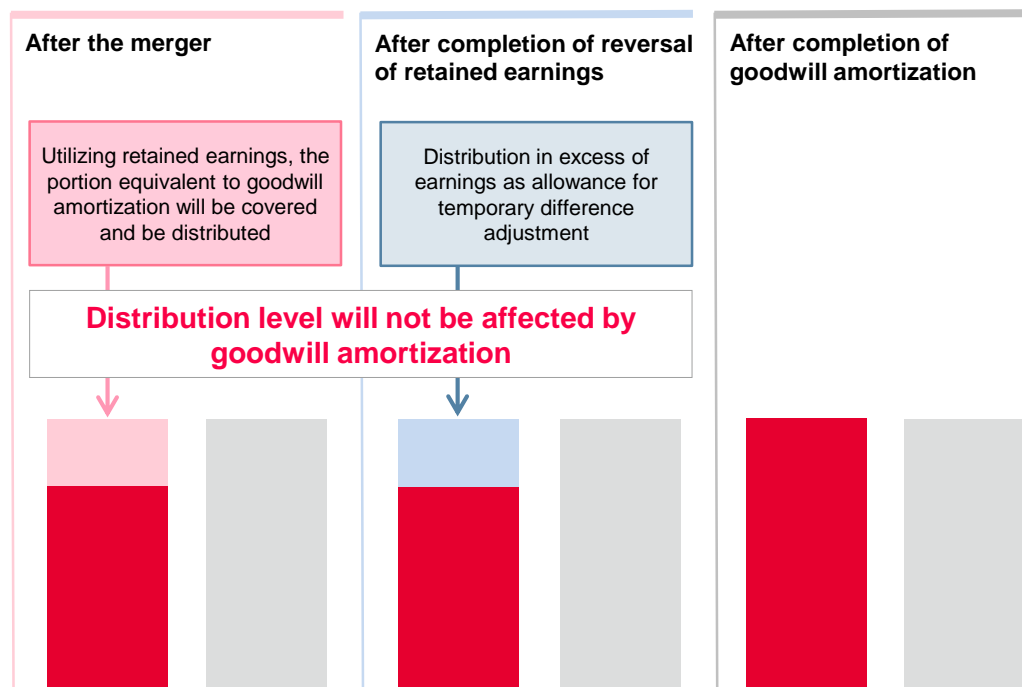
(Note) 34,721 mil yen can be applied to offset taxable income through the period ending Aug. 2018 and 507 mil yen can be applied to offset taxable income through the period ending Feb. 2021.

When gain on sale of property, etc. is realized or other factors

Accumulate retained earnings

## // Distribution policy

- Net income
- Reversal of retained earnings
- Distributions
- Distribution in excess of earnings



Goodwill to be amortized over 20 years

Realize stable distributions

# Historical Financial Data

	Aug. 2015	Feb. 2016	Aug. 2016	Feb. 2017 (A)	Aug. 2017 (B)	Change (B-A)
Operating days	184 days	182 days	184 days	181 days	184 days	3 days
Operating Revenue	9,356 mil yen	9,662 mil yen	9,691 mil yen	17,531 mil yen	21,015 mil yen	3,484 mil yen
Operating Income	3,925 mil yen	3,947 mil yen	3,959 mil yen	5,567 mil yen	9,392 mil yen	3,825 mil yen
Gain (loss) on sale of properties	—	—	—	-4 mil yen	1,536 mil yen	1,540 mil yen
Ordinary Income	3,146 mil yen	3,177 mil yen	3,214 mil yen	4,474 mil yen	7,974 mil yen	3,500 mil yen
Net Income	3,145 mil yen	3,177 mil yen	3,213 mil yen	4,393 mil yen	7,968 mil yen	3,574 mil yen
DPU	4,460 yen	4,501 yen	4,537 yen	4,800 yen	4,964 yen	164 yen
Number of investment units issued	747,740 units	747,740 units	747,740 units	1,519,280 units	1,690,000 units	170,720 units
Payout ratio	106.0%	106.0%	105.6%	166.0%	104.0%	-62.0 p.p.
Total Assets	258,400 mil yen	258,590 mil yen	258,266 mil yen	604,142 mil yen	682,359 mil yen	78,216 mil yen
Net Assets	111,352 mil yen	111,194 mil yen	111,042 mil yen	330,304 mil yen	377,321 mil yen	47,016 mil yen
Unitholders' Capital	61,703 mil yen	61,703 mil yen	61,703 mil yen	61,703 mil yen	108,136 mil yen	46,432 mil yen
Capital Surplus	28,241 mil yen	28,241 mil yen	28,241 mil yen	247,667 mil yen	247,667 mil yen	—
Interest-bearing debt	141,663 mil yen	141,663 mil yen	141,663 mil yen	253,163 mil yen	282,268 mil yen	29,105 mil yen
LTV (Including goodwill)	54.8%	54.8%	54.9%	41.9%	41.4%	-0.5 p.p.
LTV (Excluding goodwill)	—	—	—	48.1%	46.5%	-1.6 p.p.
Net Assets per unit	148,918 yen	148,707 yen	148,504 yen	217,408 yen	223,267 yen	5,859 yen
NAV per unit	185,450 yen	191,454 yen	195,377 yen	248,462 yen	258,421 yen	9,959 yen
FFO per unit <sup>(Note)</sup>	6,752 yen	6,948 yen	7,024 yen	6,469 yen	7,184 yen	715 yen

(Note) FFO per unit: (Net income + depreciation + amortization + amortization of investment corporation bond issuance costs + amortization of trademark rights + amortization of software +/- loss or gain on sale of properties +/- extraordinary loss or gain) / number of investment units issued

# Historical Portfolio Data

	Aug. 2015	Feb. 2016	Aug. 2016	Feb. 2017 (A)	Aug. 2017 (B)	Change (B-A)
Number of properties	141 properties	142 properties	142 properties	189 properties	199 properties	10 properties
Total acquisition price	255,376 mil yen	256,349 mil yen	256,349 mil yen	513,772 mil yen	577,777 mil yen	64,005 mil yen
Ratio of logistics properties	—	—	—	38.1 %	45.0 %	6.9 p.p.
Ratio of residential properties	99.2 %	99.2 %	99.2 %	50.2 %	43.3 %	-6.9 p.p.
Ratio of retail properties	—	—	—	9.8 %	9.6 %	-0.2 p.p.
Ratio of hotel properties	—	—	—	—	—	—
Ratio of other assets	0.8 %	0.8 %	0.8 %	1.9 %	2.0 %	0.1 p.p.
Properties acquired during the period	5 properties 17,750 mil yen	1 property 973 mil yen	—	7 properties 22,830 mil yen	17 properties 73,311 mil yen	10 properties 50,481 mil yen
Properties sold during the period	—	—	—	1 property 370 mil yen	7 properties 10,193 mil yen	6 properties 9,823 mil yen
Unrealized gain (loss)	27,316 mil yen	31,963 mil yen	35,048 mil yen	47,179 mil yen	59,410 mil yen	12,231 mil yen
Leasable area	503,899.79 m <sup>2</sup>	505,935.16 m <sup>2</sup>	505,935.16 m <sup>2</sup>	1,605,625.31 m <sup>2</sup>	1,934,669.61 m <sup>2</sup>	329,044.30 m <sup>2</sup>
Occupancy rate	95.9 %	96.0 %	96.1 %	99.0 %	99.2 %	0.2 p.p.
Real estate rental revenue	9,356 mil yen	9,662 mil yen	9,691 mil yen	17,531 mil yen	19,479 mil yen	1,948 mil yen
Real estate rental expenses	4,438 mil yen	4,688 mil yen	4,746 mil yen	7,493 mil yen	7,906 mil yen	412 mil yen
Real estate rental income	4,917 mil yen	4,974 mil yen	4,944 mil yen	10,037 mil yen	11,573 mil yen	1,535 mil yen
Depreciation	1,897 mil yen	2,012 mil yen	2,033 mil yen	3,361 mil yen	3,713 mil yen	352 mil yen
NOI <sup>(Note 1)</sup>	6,814 mil yen	6,986 mil yen	6,977 mil yen	13,398 mil yen	15,286 mil yen	1,888 mil yen
NOI yield <sup>(Note 2)</sup>	5.4 %	5.5 %	5.4 %	5.3 %	5.2 %	-0.1 p.p.

(Note 1) NOI: Real estate rental business revenue – real estate rental business expenses + depreciation

(Note 2) NOI yield is excluding the properties sold during the period.



# Balance Sheets

	Period ended Feb. 2017	Period ended Aug. 2017		Period ended Feb. 2017	Period ended Aug. 2017
<b>Assets</b>			(thousand yen)		
<b>Current assets</b>			<b>Current liabilities</b>		
Cash and deposits	11,110,819	25,621,149	Operating accounts payable	1,210,266	1,127,768
Cash and deposits in trust	9,416,246	9,736,167	Short-term loans	6,000,000	—
Operating accounts receivable	169,018	179,814	Current portion of investment corporation bonds	3,000,000	—
Prepaid expenses	447,439	544,374	Current portion of long-term loans	43,495,000	16,000,00
Consumption taxes receivable	487,928	2,040,334	Accounts payable – other	75,311	128,535
Other	4,946	129	Accrued expenses	1,089,119	1,205,841
Allowance for doubtful accounts	(5,521)	(2,576)	Income taxes payable	605	605
Total current assets	21,630,877	38,119,394	Advances received	1,935,780	2,171,045
<b>Non-current assets</b>			Unearned revenue	221,735	221,735
<b>Property, plant and equipment</b>			Deposits received	356,801	360,372
Buildings, net	25,199,993	22,682,208	Other	43,852	58,852
Structures, net	219,669	206,073	Total current liabilities	57,428,471	21,274,756
Machinery and equipment, net	389,326	337,646	<b>Non-current liabilities</b>		
Tools, furniture and fixtures, net	375,707	328,195	Investment corporation bonds	16,000,000	16,000,000
Land	22,453,490	21,637,530	Long-term loans	184,668,000	250,268,000
Buildings in trust, net	214,004,771	245,617,874	Long-term unearned revenue	1,262,357	1,150,578
Structures in trust, net	3,389,114	4,763,769	Tenant leasehold and security deposits	288,912	274,822
Machinery and equipment in trust, net	1,631,215	1,511,315	Tenant leasehold and security deposits in trust	12,515,805	14,293,230
Tools, furniture and fixtures in trust, net	369,510	392,100	Provision for loss in litigation	80,147	85,849
Land in trust	226,663,386	260,076,467	Asset retirement obligations	429,379	434,255
Construction in progress in trust	5,022	155,088	Derivatives liabilities	1,164,700	1,256,574
Total property, plant and equipment	494,701,208	557,708,269	Total non-current liabilities	216,409,303	283,763,311
<b>Intangible assets</b>			Total liabilities	273,837,775	305,038,068
Goodwill	77,306,836	75,324,610	<b>Net assets</b>		
Leasehold rights in trust	5,500,051	5,459,918	<b>Unitholders' equity</b>		
Software	1,448	1,155	Unitholders' capital	61,703,224	108,136,162
Trademark rights	2,825	2,894	Surplus		
Total intangible assets	82,811,162	80,788,578	Capital surplus	247,667,563	247,667,563
<b>Investments and other assets</b>			Voluntary retained earnings		
Investment securities	9,291	9,308	Retained earnings for temporary difference adjustment	—	14,748,347
Long-term prepaid expenses	1,453,688	2,214,945	Reserve for distribution	17,705,349	57,717
Guarantee deposits	10,261	261	Total voluntary retained earnings	17,705,349	14,806,064
Lease and guarantee deposits in trust	3,414,720	3,414,720	Unappropriated retained earnings	4,393,259	7,968,070
Other	42,488	42,488	Total surplus	269,766,172	270,441,698
Allowance for doubtful accounts	(24,058)	(24,058)	Total unitholders' equity	331,469,396	378,577,860
Total investments and other assets	4,906,390	5,657,664	Deferred gains or losses on hedges	(1,164,700)	(1,256,574)
Total non-current assets	582,418,762	644,154,512	Total net assets	330,304,696	377,321,286
<b>Deferred assets</b>			<b>Total liabilities and net assets</b>		
Investment corporation bond issuance costs	92,831	85,446		604,142,471	682,359,354
Total deferred assets	92,831	85,446			
Total assets	604,142,471	682,359,354			

# Statements of Income

	(thousand yen)	
	Period ended Feb. 2017	Period ended Aug. 2017
Operating revenue		
Rental revenue	16,606,592	18,344,657
Other rental revenue	924,550	1,134,983
Gain on sale of real estate properties	—	1,536,256
Total operating revenue	17,531,143	21,015,897
Operating expenses		
Rental expenses	7,493,903	7,906,409
Loss on sale of real estate properties	4,207	—
Asset management fees	983,471	1,254,120
Asset custody fees	26,204	29,053
Administrative service fees	72,780	74,188
Directors' remuneration	6,600	6,600
Merger expenses	1,042,059	—
Amortization of goodwill	1,982,226	1,982,226
Provision of allowance for doubtful accounts	1,974	1,309
Other operating expenses	350,360	369,257
Total operating expenses	11,963,787	11,623,165
Operating Income	5,567,356	9,392,731
Non-operating income		
Interest income	109	146
Gain on forfeiture of unclaimed distributions	5,180	4,441
Refunded consumption taxes	21,388	23,643
Gain on adjustment of liabilities	8	—
Gain on donation of non-current assets	5,433	—
Other	19	1,531
Total non-recurring income	32,138	29,762
Non-operating expenses		
Interest expenses	827,814	909,040
Interest expenses on investment corporation bonds	45,953	41,157
Amortization of investment corporation bond issuance costs	7,898	7,384
Investment unit issuance expenses	—	229,991
Borrowing related expenses	241,696	258,437
Other	2,119	2,105
Total non-recurring expenses	1,125,483	1,448,116
Ordinary Income	4,474,011	7,974,377
Extraordinary losses	80,147	5,702
Income before income taxes	4,393,864	7,968,675
Total income taxes	605	605
Net income	4,393,259	7,968,070
Unappropriated retained earnings	4,393,259	7,968,070

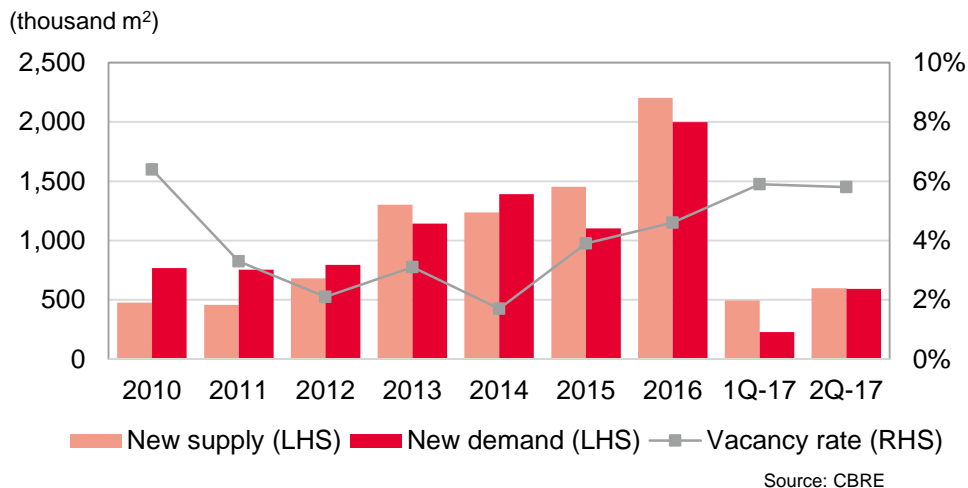
## // Statements of Cash Distributions

	(yen)	
	Period ended Feb. 2017	Period ended Aug. 2017
I Unappropriated retained earnings	4,393,259,342	7,968,070,160
II Reversal of voluntary retained earnings		
Reversal of retained earnings for temporary difference adjustment	—	1,980,989,899
Reversal of reserve for distribution	17,669,020,696	—
III Distributions	7,292,544,000	8,389,160,000
[Distributions per unit]	[4,800]	[4,964]
IV Voluntary retained earnings		
Accumulation of reserve for distribution	21,388,890	1,559,900,059
Accumulation of retained earnings for temporary difference adjustment	14,748,347,148	—
V Retained earnings carried forward	—	—

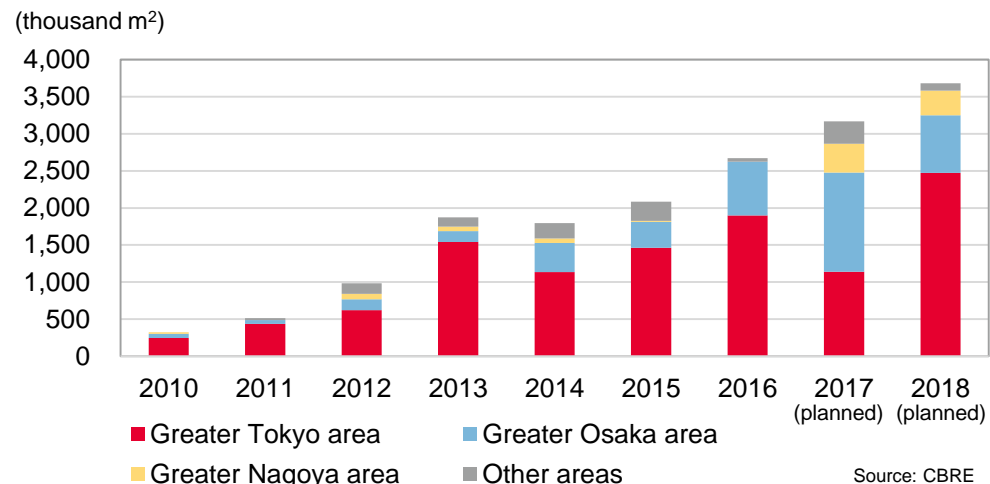
## // Rental Revenue and Expenses

	(thousand yen)	
	Period ended Feb. 2017	Period ended Aug. 2017
A. Real estate rental revenue		
Rental revenue		
Rent	16,184,156	17,907,732
Common area charges	422,436	436,924
Total rental revenue	16,606,592	18,344,657
Other rental revenue		
Facility charges	338,545	353,388
Incidental revenue	253,928	276,697
Other	332,076	504,897
Total other rental revenue	924,550	1,134,983
Total real estate rental revenue	17,531,143	19,479,640
B. Real estate rental expenses		
Rental expenses		
Management fees	1,233,882	1,272,800
Utilities	285,590	299,764
Taxes and public dues	1,175,602	1,228,362
Repairs and maintenance expenses	569,404	473,270
Restoration costs	293,588	305,785
Insurance expenses	25,089	25,479
Custodian fees	61,639	67,476
Depreciation	3,361,190	3,713,302
Other operating expenses	487,914	520,167
Total real estate rental expenses	7,493,903	7,906,409
C. Income from real estate rental business (A-B)	10,037,240	11,573,231

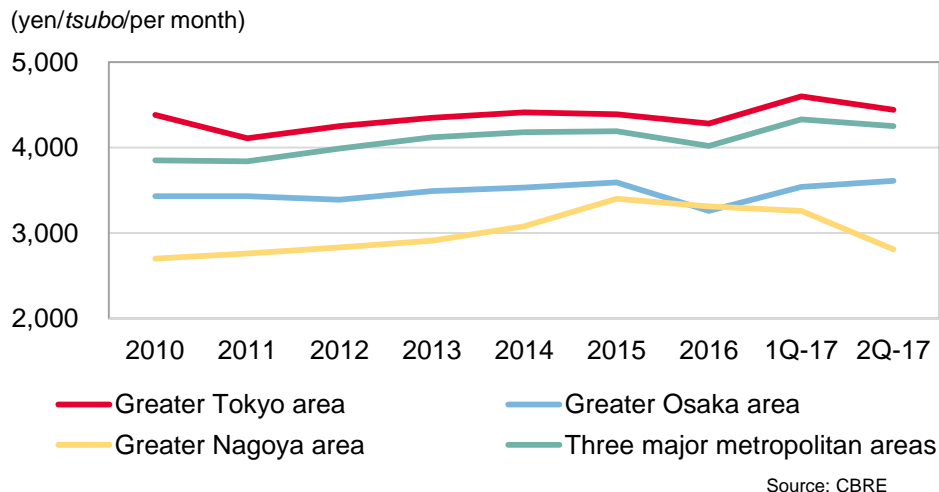
## Supply and Demand of Logistics Properties for Lease in the Three Major Metropolitan Areas



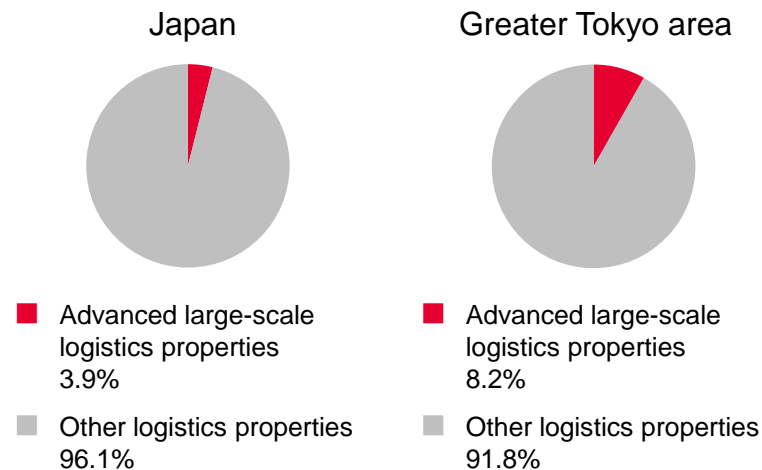
## Development of Medium-to-Large Scale Logistics Properties



## Average Offered Rent for Logistics Properties in the Three Major Metropolitan Areas



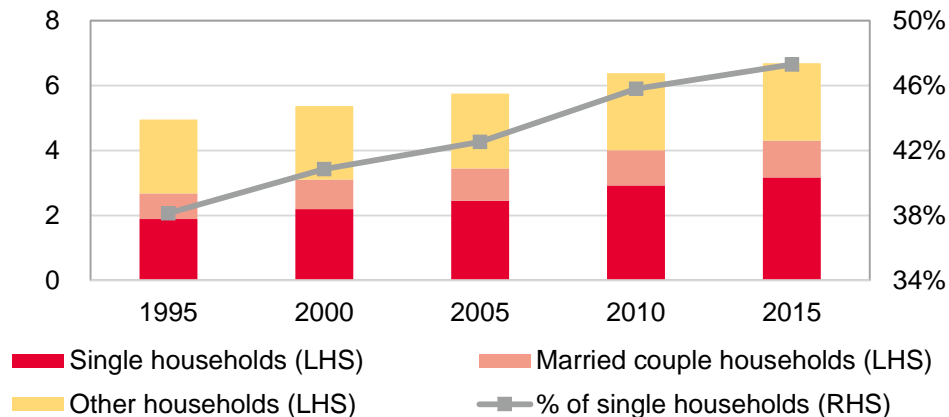
## Proportion of Advanced Large-scale Logistics Properties





## // Number of Households in Tokyo

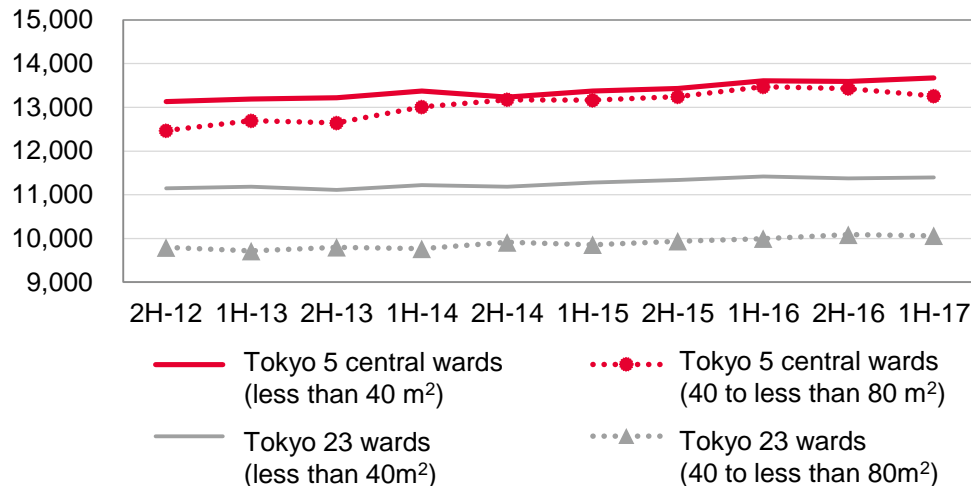
(million households)



Source: "Population Census", Statistics Bureau, Ministry of Internal Affairs and Communications

## // Rent Per Tsubo for Apartments in Tokyo 23 Wards

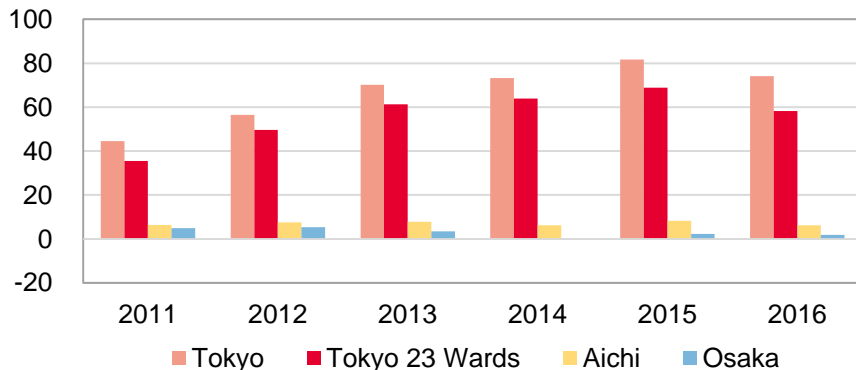
(yen/tsubo/per month)



Source: Compiled by the Asset Manager from data published by Japan Real Estate Institute in "Housing Market Index, First Half 2017".

## // Number of Net Migration

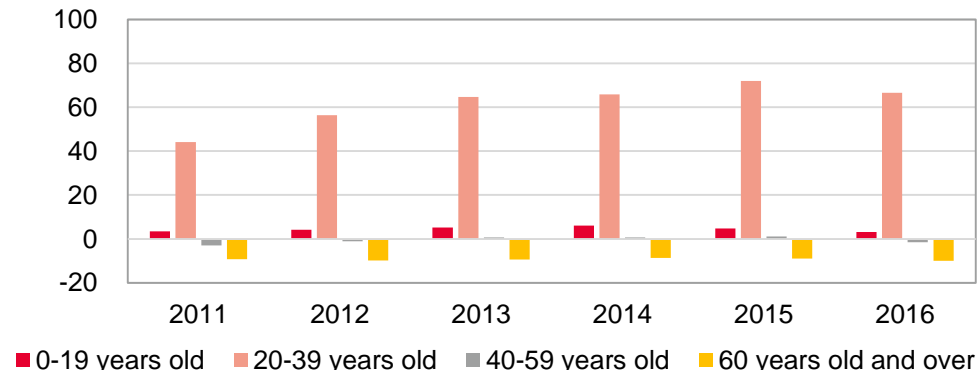
(thousand people)



Source: "Report on Internal Migration", Statistics Bureau, Ministry of Internal Affairs and Communications

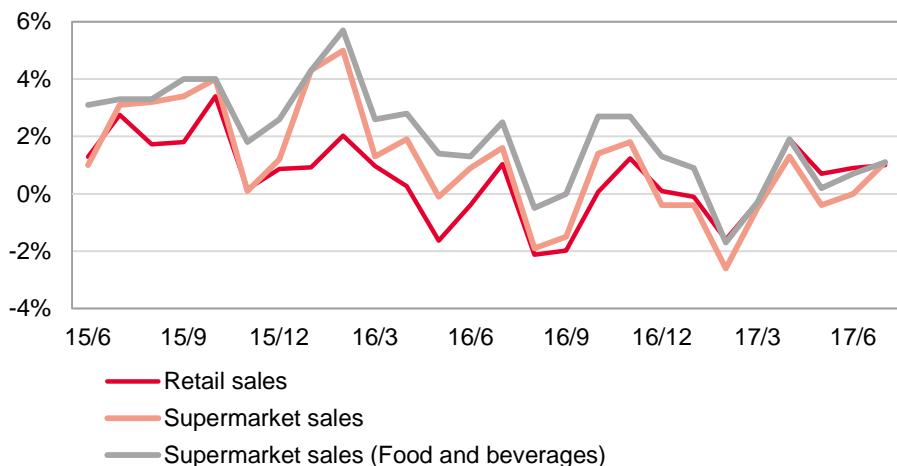
## // Number of Net Migration in Tokyo 23 Wards by Age Group

(thousand people)



Source: "Report on Internal Migration", Statistics Bureau, Ministry of Internal Affairs and Communications

## // Retail Sales (YoY Change)

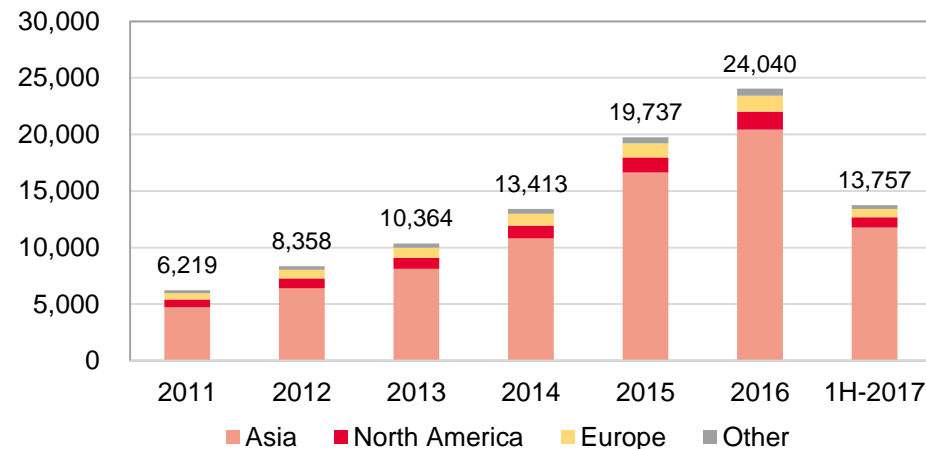


Note: Retail sales exclude sales of cars and fuel.

Source: "Monthly Report on the Current Survey of Commerce", Ministry of Economy, Trade and Industry, or METI

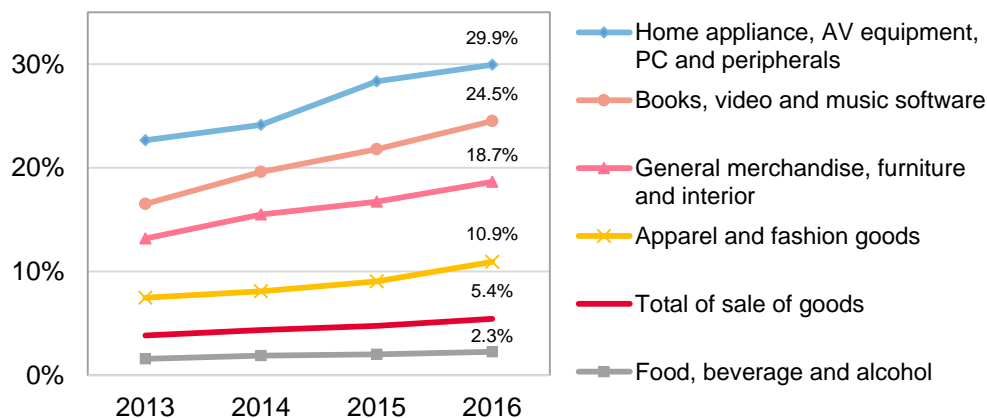
## // Number of Overseas Visitors to Japan

(thousand visitors)



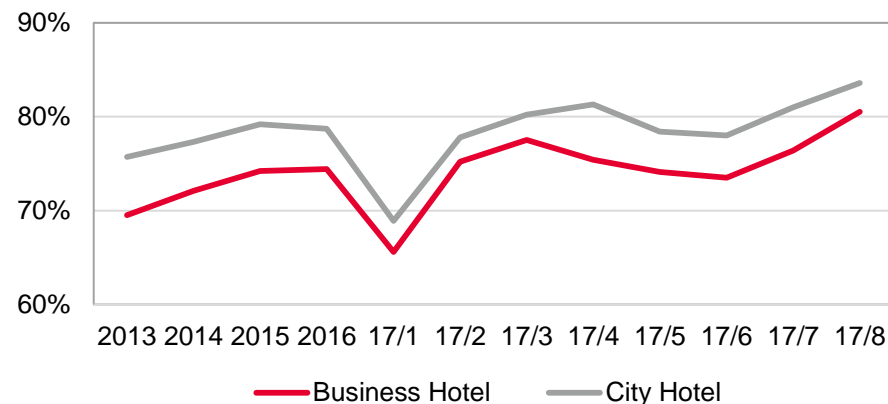
Source: Japan National Tourism Organization (JNTO)

## // B to C (business-to-consumer) e-commerce Ratio



Source: "E-Commerce Market Survey", Ministry of Economy, Trade and Industry, or METI

## // Guest Room Occupancy Ratio of Accommodation Facilities

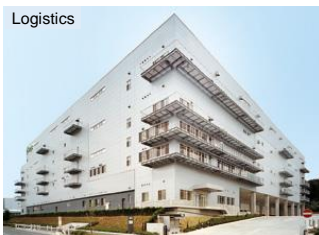


Source: "Accommodation Survey", Japan Tourism Agency

## // DBJ Green Building Certification

DHR has received the certification for logistics, residential and retail properties

D Project Machida



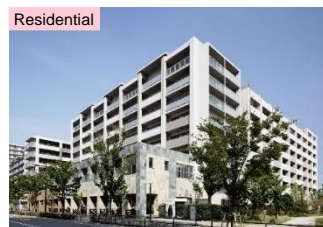
DBJ Green Building  
2016

D Project Hachioji



DBJ Green Building  
2016

Royal Parks Toyosu



DBJ Green Building  
2016

Pacific Royal Court  
Minatomirai Urban Tower



DBJ Green Building  
2016

ACROSSMALL Shinkamagaya



DBJ Green Building  
2016

## // Sustainability Policy

- ◆ The Daiwa House Group's basic approach is "Creating Dreams, Building Hearts." As a group that co-creates value for individuals, communities and people's lifestyles, the group aims to build trust relationships with stakeholders and contribute to society through its businesses, and to realize a sustainable society by meeting the challenge of achieving "zero environmental impacts."
- ◆ Daiwa House Asset Management Co., Ltd. shares the Daiwa House Group's basic approach as DHR's asset manager, and considers that including consideration for environment, society, and governance in its real estate investment management operations contributes to DHR's basic policy of ensuring stable revenue and steady growth of assets over the long term. Therefore, we have established the "Sustainability Policy" to guide our real estate investment and management.

- 1 Prevention of global warming
- 2 Harmony with the natural environment
- 3 Conservation of natural resources
- 4 Prevention of chemical pollution
- 5 Establishment of an internal framework and initiatives for employees
- 6 Promotion of communication through information disclosure
- 7 Promotion of communication through information disclosure
- 8 Compliance with laws and regulations, and risk management

## // Participation in GRESB Real Estate Assessment

- ◆ The Global Real Estate Benchmark (GRESB) holds an annual benchmark survey for evaluating environmental, social and governance (ESG) considerations in the real estate sector
- ◆ DHR participated in the 2017 survey



# Portfolio List (1)

Property number	Property name	Location	Acquisition price (mil yen)	Investment ratio	Leasable area (m <sup>2</sup> )	Occupancy rate (Note)	Property number	Property name	Location	Acquisition price (mil yen)	Investment ratio	Leasable area (m <sup>2</sup> )	Occupancy rate (Note)
LB-001	D Project Machida	Machida City, Tokyo	9,200	1.6%	50,490.39	100.0%	LB-037	D Project Urayasu III	Urayasu City, Chiba	8,500	1.5%	39,441.32	100.0%
LB-002	D Project Hachioji	Hachioji City, Tokyo	15,400	2.7%	62,394.17	100.0%	LB-038	D Project Tomisato	Tomisato City, Chiba	5,000	0.9%	36,113.25	100.0%
LB-003	D Project Aikawa-Machi	Aiko District, Kanagawa	3,390	0.6%	14,240.84	100.0%	LB-039	D Project Kyotanabe	Kyotanabe City, Kyoto	3,520	0.6%	10,965.68	100.0%
LB-004	D Project Shin-Misato	Misato City, Saitama	5,710	1.0%	11,289.91	100.0%	LB-040	D Project Sendai Izumi	Sendai City, Miyagi	1,510	0.3%	10,764.05	100.0%
LB-005	D Project Urayasu I	Urayasu City, Chiba	9,280	1.6%	36,515.81	100.0%	LB-041	D Project Oyama	Oyama City, Tochigi	2,000	0.3%	14,106.91	100.0%
LB-006	D Project Urayasu II	Urayasu City, Chiba	26,000	4.5%	72,320.01	100.0%	LB-042	D Project Sano	Sano City, Tochigi	1,780	0.3%	15,668.44	100.0%
LB-007	D Project Akanehama	Narashino City, Chiba	2,950	0.5%	11,663.39	100.0%	LB-043	D Project Tatebayashi	Tatebayashi City, Gunma	3,100	0.5%	13,521.56	100.0%
LB-008	D Project Noda	Noda City, Chiba	6,210	1.1%	29,232.53	100.0%	LB-044	D Project Kakegawa	Kakegawa City, Shizuoka	6,000	1.0%	39,341.44	100.0%
LB-009	D Project Inuyama	Inuyama City, Aichi	8,690	1.5%	43,723.70	100.0%	LB-045	D Project Hiroshima Seifu	Hiroshima City, Hiroshima	3,820	0.7%	19,004.72	100.0%
LB-010	D Project Gifu	Anpachi District, Gifu	1,100	0.2%	7,669.91	100.0%	LB-046	D Project Tosu II	Tosu City, Saga	1,700	0.3%	13,012.50	100.0%
LB-011	D Project Neyagawa	Neyagawa City, Osaka	5,980	1.0%	11,151.51	100.0%	LM-001	DPL Misato	Misato City, Saitama	16,831	2.9%	55,864.47	100.0%
LB-012	D Project Sapporo Minami	Kitahiroshima City, Hokkaido	818	0.1%	6,749.10	100.0%	RE-001	Qiz Ebisu	Shibuya Ward, Tokyo	7,650	1.3%	5,230.39	95.5%
LB-013	D Project Morioka	Takizawa City, Iwate	1,200	0.2%	9,558.32	100.0%	RE-002	Castalia Azabujuban Shichimenzaka	Minato Ward, Tokyo	4,500	0.8%	3,492.93	99.2%
LB-014	D Project Sendai Minami	Iwanuma City, Miyagi	1,530	0.3%	11,052.27	100.0%	RE-003	Castalia Shibakoen	Minato Ward, Tokyo	2,630	0.5%	2,707.51	98.6%
LB-015	D Project Tsuchiura	Tsuchiura City, Ibaraki	3,390	0.6%	17,448.86	100.0%	RE-004	Castalia Ginza	Chuo Ward, Tokyo	2,520	0.4%	2,226.42	96.9%
LB-016	D Project Gotenba	Gotenba City, Shizuoka	1,140	0.2%	6,737.53	100.0%	RE-005	Castalia Hiroo	Minato Ward, Tokyo	2,220	0.4%	1,621.59	100.0%
LB-017	D Project Nishi-Hiroshima	Hiroshima City, Hiroshima	1,210	0.2%	5,093.51	100.0%	RE-006	Castalia Nihonbashi	Chuo Ward, Tokyo	1,200	0.2%	1,458.73	96.4%
LB-018	D Project Fukuoka Umi	Kasuya District, Fukuoka	4,240	0.7%	24,729.56	100.0%	RE-007	Castalia Hacchobori	Chuo Ward, Tokyo	2,300	0.4%	2,969.57	98.2%
LB-019	D Project Tosu	Tosu City, Saga	5,740	1.0%	17,858.01	100.0%	RE-008	Castalia Azabujuban	Minato Ward, Tokyo	2,910	0.5%	2,400.00	96.6%
LB-020	D Project Kuki I	Kuki City, Saitama	3,900	0.7%	22,708.72	100.0%	RE-009	Castalia Azabujuban II	Minato Ward, Tokyo	2,690	0.5%	2,094.58	98.5%
LB-021	D Project Kuki II	Kuki City, Saitama	8,120	1.4%	50,490.00	100.0%	RE-010	Castalia Shinjuku Natsumezaaka	Shinjuku Ward, Tokyo	1,865	0.3%	1,917.62	100.0%
LB-022	D Project Kawagoe I	Kawagoe City, Saitama	3,530	0.6%	16,150.88	100.0%	RE-011	Castalia Ginza II	Chuo Ward, Tokyo	1,800	0.3%	1,817.56	97.4%
LB-023	D Project Kawagoe II	Kawagoe City, Saitama	4,850	0.8%	19,872.00	100.0%	RE-012	Castalia Shibuya Sakuragaoka	Shibuya Ward, Tokyo	1,400	0.2%	1,123.80	97.9%
LB-024	DPL Inuyama	Inuyama City, Aichi	3,940	0.7%	21,628.50	100.0%	RE-013	Castalia Nishi Azabu Kasumicho	Minato Ward, Tokyo	2,143	0.4%	2,779.77	90.7%
LB-025	D Project Fukuoka Hakozaki	Fukuoka City, Fukuoka	4,340	0.8%	34,710.80	100.0%	RE-014	Castalia Ochanomizu	Chiyoda Ward, Tokyo	1,770	0.3%	2,559.21	94.4%
LB-026	D Project Kuki III	Kuki City, Saitama	7,630	1.3%	26,937.41	100.0%	RE-015	Castalia Sangubashi	Shibuya Ward, Tokyo	1,393	0.2%	1,898.47	100.0%
LB-027	D Project Kuki IV	Kuki City, Saitama	5,520	1.0%	26,460.00	100.0%	RE-016	Castalia Suitengu	Chuo Ward, Tokyo	1,279	0.2%	1,940.94	98.7%
LB-028	D Project Kuki V	Kuki City, Saitama	8,280	1.4%	47,320.89	100.0%	RE-017	Castalia Suitengu II	Chuo Ward, Tokyo	1,138	0.2%	1,858.34	100.0%
LB-029	D Project Kuki VI	Kuki City, Saitama	5,140	0.9%	29,244.66	100.0%	RE-018	Castalia Shintomicho	Chuo Ward, Tokyo	932	0.2%	1,444.52	95.2%
LB-030	D Project Yashio	Yashio City, Saitama	6,400	1.1%	21,965.04	100.0%	RE-019	Castalia Shintomicho II	Chuo Ward, Tokyo	825	0.1%	1,244.54	100.0%
LB-031	D Project Nishiyodogawa	Osaka City, Osaka	10,300	1.8%	39,584.80	100.0%	RE-020	Castalia Harajuku	Shibuya Ward, Tokyo	887	0.2%	1,225.26	100.0%
LB-032	D Project Matsudo	Matsudo City, Chiba	7,370	1.3%	26,776.67	100.0%	RE-021	Castalia Yoyogi Uehara	Shibuya Ward, Tokyo	608	0.1%	811.95	100.0%
LB-033	D Project Hibiki Nada	Kitakyushu City, Fukuoka	2,080	0.4%	23,933.75	100.0%	RE-022	Castalia Sendagaya	Shibuya Ward, Tokyo	555	0.1%	803.03	100.0%
LB-034	D Project Morioka II	Takizawa City, Iwate	1,280	0.2%	4,481.00	100.0%	RE-023	Castalia Shinjuku 7 chome	Shinjuku Ward, Tokyo	464	0.1%	957.60	100.0%
LB-035	D Project Kawagoe III	Kawagoe City, Saitama	7,200	1.2%	39,572.32	100.0%	RE-024	Castalia Ningyocho	Chuo Ward, Tokyo	947	0.2%	1,747.90	100.0%
LB-036	D Project Kazo	Kazo City, Saitama	3,300	0.6%	18,371.10	100.0%	RE-025	Castalia Ningyocho II	Chuo Ward, Tokyo	1,070	0.2%	1,826.80	100.0%

# Portfolio List (2)

Property number	Property name	Location	Acquisition price (mil yen)	Investment ratio	Leasable area (m <sup>2</sup> )	Occupancy rate (Note)
RE-026	Castalia Shin-Ochanomizu	Chiyoda Ward, Tokyo	914	0.2%	1,308.38	100.0%
RE-027	Castalia Higashi Nihonbashi II	Chuo Ward, Tokyo	1,370	0.2%	2,117.46	100.0%
RE-028	Castalia Jinbocho	Chiyoda Ward, Tokyo	1,160	0.2%	1,628.80	100.0%
RE-029	Castalia Shintomicho III	Chuo Ward, Tokyo	675	0.1%	972.51	95.4%
RE-030	Castalia Shinjuku Gyoen	Shinjuku Ward, Tokyo	2,720	0.5%	3,594.16	100.0%
RE-031	Castalia Takanawadai	Minato Ward, Tokyo	860	0.1%	1,147.44	100.0%
RE-032	Castalia Higashi Nihonbashi III	Chuo Ward, Tokyo	666	0.1%	1,105.20	100.0%
RE-033	Castalia Shinjuku Gyoen II	Shinjuku Ward, Tokyo	486	0.1%	668.79	100.0%
RE-034	Castalia Shintomicho IV	Chuo Ward, Tokyo	400	0.1%	681.00	100.0%
RE-035	Castalia Takanawadai II	Minato Ward, Tokyo	1,190	0.2%	1,567.84	100.0%
RE-036	Castalia Minami Azabu	Minato Ward, Tokyo	642	0.1%	882.67	100.0%
RE-037	Castalia Ginza III	Chuo Ward, Tokyo	2,880	0.5%	3,494.42	100.0%
RE-038	Castalia Kayabacho	Chuo Ward, Tokyo	2,707	0.5%	4,602.95	99.0%
RE-039	Castalia Takanawa	Minato Ward, Tokyo	7,430	1.3%	10,408.26	97.6%
RE-040	Castalia Higashi Nihonbashi	Chuo Ward, Tokyo	3,520	0.6%	6,442.28	100.0%
RE-041	Castalia Shinjuku	Shinjuku Ward, Tokyo	2,950	0.5%	3,150.80	100.0%
RE-042	Castalia Ichigaya	Shinjuku Ward, Tokyo	940	0.2%	1,546.34	93.3%
RE-043	Shibaura Island Bloom Tower	Minato Ward, Tokyo	7,580	1.3%	16,849.50	97.7%
RE-044	Castalia Hatsudai	Shibuya Ward, Tokyo	2,030	0.4%	3,077.05	99.1%
RE-045	Castalia Hatsudai II	Shibuya Ward, Tokyo	1,900	0.3%	2,339.42	100.0%
RE-046	Castalia Ebisu	Shibuya Ward, Tokyo	1,420	0.2%	1,659.71	97.7%
RE-047	Castalia Meguro Kamurozaka	Shinagawa Ward, Tokyo	4,500	0.8%	4,967.97	97.6%
RE-048	Castalia Toritsudaigaku	Meguro Ward, Tokyo	648	0.1%	863.70	95.9%
RE-049	Castalia Yukigaya	Ota Ward, Tokyo	1,110	0.2%	1,542.30	98.1%
RE-050	Castalia Yutenji	Meguro Ward, Tokyo	1,450	0.3%	1,380.35	100.0%
RE-051	Castalia Otsuka	Toshima Ward, Tokyo	1,480	0.3%	1,871.70	95.5%
RE-052	Castalia Kikukawa	Sumida Ward, Tokyo	817	0.1%	1,168.18	97.8%
RE-053	Castalia Meguro	Meguro Ward, Tokyo	844	0.1%	1,414.73	92.4%
RE-054	Castalia Otsuka II	Toshima Ward, Tokyo	1,040	0.2%	1,784.50	97.9%
RE-055	Castalia Jiyugaoka	Meguro Ward, Tokyo	1,200	0.2%	1,472.47	100.0%
RE-056	Castalia Mejiro	Toshima Ward, Tokyo	988	0.2%	1,658.90	100.0%
RE-057	Castalia Ikebukuro	Toshima Ward, Tokyo	2,570	0.4%	3,644.35	97.6%
RE-058	Castalia Kaname-cho	Toshima Ward, Tokyo	1,140	0.2%	1,624.06	100.0%
RE-059	Castalia Tower Shinagawa Seaside	Shinagawa Ward, Tokyo	7,380	1.3%	12,732.35	98.8%
RE-060	Castalia Yakumo	Meguro Ward, Tokyo	857	0.1%	1,276.91	84.9%
RE-061	Castalia Togoshiekimae	Shinagawa Ward, Tokyo	1,560	0.3%	2,014.12	100.0%

Property number	Property name	Location	Acquisition price (mil yen)	Investment ratio	Leasable area (m <sup>2</sup> )	Occupancy rate (Note)
RE-062	Castalia Honjo Azumabashi	Sumida Ward, Tokyo	996	0.2%	2,255.88	100.0%
RE-063	Castalia Kitazawa	Setagaya Ward, Tokyo	742	0.1%	1,220.16	87.0%
RE-064	Castalia Monzennakacho	Koto Ward, Tokyo	503	0.1%	887.94	100.0%
RE-065	Castalia Kamiikedai	Ota Ward, Tokyo	198	0.0%	414.45	100.0%
RE-066	Castalia Morishita	Koto Ward, Tokyo	832	0.1%	1,383.90	95.6%
RE-067	Castalia Wakabayashikoen	Setagaya Ward, Tokyo	776	0.1%	1,425.43	100.0%
RE-068	Castalia Asakusabashi	Taito Ward, Tokyo	792	0.1%	1,537.84	100.0%
RE-069	Castalia Iriya	Taito Ward, Tokyo	546	0.1%	1,415.15	100.0%
RE-070	Castalia Kita Ueno	Taito Ward, Tokyo	2,641	0.5%	4,197.66	99.1%
RE-071	Castalia Morishita II	Koto Ward, Tokyo	686	0.1%	1,275.60	95.0%
RE-072	Castalia Minowa	Taito Ward, Tokyo	1,430	0.2%	2,406.41	95.8%
RE-073	Castalia Oyamadai	Setagaya Ward, Tokyo	533	0.1%	857.32	100.0%
RE-074	Castalia Nakano	Nakano Ward, Tokyo	1,060	0.2%	1,613.86	97.7%
RE-075	Castalia Yoga	Setagaya Ward, Tokyo	923	0.2%	1,472.38	94.9%
RE-076	Castalia Sumiyoshi	Koto Ward, Tokyo	948	0.2%	1,362.60	98.4%
RE-077	Castalia Monzennakacho II	Koto Ward, Tokyo	2,160	0.4%	3,038.98	100.0%
RE-078	Castalia Oshiage	Sumida Ward, Tokyo	1,100	0.2%	1,785.24	100.0%
RE-079	Castalia Kuramae	Taito Ward, Tokyo	1,260	0.2%	1,994.93	100.0%
RE-080	Castalia Nakanobu	Shinagawa Ward, Tokyo	1,790	0.3%	2,421.82	93.5%
RE-081	Royal Parks Toyosu	Koto Ward, Tokyo	7,360	1.3%	18,112.03	100.0%
RE-082	Castalia Togoshi	Shinagawa Ward, Tokyo	1,770	0.3%	2,629.59	95.8%
RE-083	Castalia Ooimachi	Shinagawa Ward, Tokyo	1,181	0.2%	1,413.75	100.0%
RE-084	Castalia Omori	Ota Ward, Tokyo	1,500	0.3%	2,046.36	96.9%
RE-085	Castalia Mishuku	Setagaya Ward, Tokyo	1,900	0.3%	2,640.86	98.5%
RE-086	Castalia Arakawa	Arakawa Ward, Tokyo	1,660	0.3%	3,797.92	96.1%
RE-087	Castalia Omori II	Ota Ward, Tokyo	2,370	0.4%	2,818.70	96.3%
RE-088	Castalia Nakameguro	Meguro Ward, Tokyo	3,800	0.7%	3,166.71	94.7%
RE-089	Castalia Meguro Choijamaru	Shinagawa Ward, Tokyo	2,030	0.4%	2,123.77	97.2%
RE-090	Castalia Meguro Takaban	Meguro Ward, Tokyo	1,750	0.3%	1,961.52	98.4%
RE-091	Castalia Omori III	Shinagawa Ward, Tokyo	1,520	0.3%	2,004.80	97.5%
RE-092	Morino Tonari	Shinagawa Ward, Tokyo	1,020	0.2%	1,668.24	90.9%
RE-093	Castalia Meguro Tairamachi	Meguro Ward, Tokyo	1,165	0.2%	1,278.52	100.0%
RE-094	Royal Parks SEASIR	Adachi Ward, Tokyo	4,350	0.8%	17,269.74	100.0%
RE-095	Castalia Honkomagome	Bunkyo Ward, Tokyo	1,520	0.3%	2,224.41	100.0%
RE-096	Cosmo Heim Musashikosugi	Kawasaki City, Kanagawa	1,674	0.3%	4,208.83	100.0%
RE-097	Castalia Tsurumi	Yokohama City, Kanagawa	666	0.1%	1,452.09	96.9%



# Portfolio List (3)

Property number	Property name	Location	Acquisition price (mil yen)	Investment ratio	Leasable area (m <sup>2</sup> )	Occupancy rate (Note)
RE-098	Castalia Funabashi	Funabashi City, Chiba	704	0.1%	1,552.01	97.8%
RE-099	Castalia Nishi Funabashi	Funabashi City, Chiba	783	0.1%	1,597.32	98.8%
RE-105	Castalia Nogeiyama	Yokohama City, Kanagawa	325	0.1%	744.90	100.0%
RE-106	Castalia Ichikawa	Ichikawa City, Chiba	461	0.1%	876.89	100.0%
RE-107	Royal Parks Hanakoganei	Kodaira City, Tokyo	5,300	0.9%	18,153.57	100.0%
RE-108	Castalia Musashikosugi	Kawasaki City, Kanagawa	1,680	0.3%	2,179.80	95.4%
RE-109	Royal Parks Wakabadai	Inagi City, Tokyo	4,360	0.8%	21,367.93	100.0%
RE-110	Pacific Royal Court Minatomirai Urban Tower	Yokohama City, Kanagawa	9,100	1.6%	26,294.49	100.0%
RE-111	L-Place Shinkoyasu	Yokohama City, Kanagawa	1,720	0.3%	3,009.74	100.0%
RE-112	Royal Parks Musashikosugi	Kawasaki City, Kanagawa	1,060	0.2%	3,808.97	100.0%
RE-115	Crest Kusatsu	Kusatsu City, Shiga	3,004	0.5%	13,452.80	99.4%
RE-116	Castalia Sakaisuji Honmachi	Osaka City, Osaka	1,490	0.3%	3,471.39	99.1%
RE-117	Castalia Shin-Umeda	Osaka City, Osaka	1,376	0.2%	3,279.90	99.2%
RE-118	Castalia Abeno	Osaka City, Osaka	4,368	0.8%	10,920.75	99.4%
RE-119	Castalia Sakae	Nagoya City, Aichi	1,010	0.2%	2,836.00	93.2%
RE-121	Castalia Maruyama Urasando	Sapporo City, Hokkaido	411	0.1%	1,522.89	91.2%
RE-122	Castalia Maruyama Omotesando	Sapporo City, Hokkaido	1,740	0.3%	6,100.31	93.7%
RE-123	Castalia Higashi Hie	Fukuoka City, Fukuoka	960	0.2%	3,061.60	100.0%
RE-124	Castalia Tower Nagahoribashi	Osaka City, Osaka	3,400	0.6%	8,747.40	95.8%
RE-125	Castalia Sannomiya	Kobe City, Hyogo	1,230	0.2%	3,071.60	92.9%
RE-126	Castalia Kotodaikoen	Sendai City, Miyagi	481	0.1%	1,684.10	95.2%
RE-127	Castalia Ichibancho	Sendai City, Miyagi	783	0.1%	2,800.32	96.9%
RE-128	Castalia Omachi	Sendai City, Miyagi	656	0.1%	2,149.08	97.2%
RE-129	Castalia Uemachidai	Osaka City, Osaka	2,190	0.4%	5,415.39	100.0%
RE-130	Castalia Tower Higobashi	Osaka City, Osaka	2,670	0.5%	6,230.20	97.5%
RE-131	Big Tower Minami Sanjo	Sapporo City, Hokkaido	1,740	0.3%	8,661.19	93.8%
RE-132	Castalia Fushimi	Nagoya City, Aichi	2,260	0.4%	7,022.69	93.5%
RE-133	Castalia Meieki Minami	Nagoya City, Aichi	720	0.1%	1,822.10	95.8%
RE-134	Castalia Yakuin	Fukuoka City, Fukuoka	930	0.2%	2,784.83	96.6%
RE-135	Castalia Mibu	Koyto City, Kyoto	1,193	0.2%	2,828.39	98.8%
RE-136	Castalia Tsutsujigaoka	Sendai City, Miyagi	1,208	0.2%	4,471.11	98.6%
RE-137	Castalia Ohori Bay Tower	Fukuoka City, Fukuoka	2,910	0.5%	11,089.75	57.2%
RE-138	Royal Parks Namba	Osaka City, Osaka	2,830	0.5%	10,354.15	100.0%
RE-139	Castalia Shigahondori	Nagoya City, Aichi	1,730	0.3%	5,086.69	93.6%
RE-140	Castalia Kyoto Nishioji	Kyoto City, Kyoto	973	0.2%	2,035.37	100.0%
RE-141	Castalia Ningyocho III	Chuo Ward, Tokyo	2,000	0.3%	2,897.06	100.0%

Property number	Property name	Location	Acquisition price (mil yen)	Investment ratio	Leasable area (m <sup>2</sup> )	Occupancy rate (Note)
RE-142	Royal Parks Umejima	Adachi Ward, Tokyo	2,020	0.3%	6,828.78	100.0%
RE-143	Castalia Shinsakae II	Nagoya City, Aichi	1,800	0.3%	4,425.46	100.0%
RM-001	ACROSSMALL Shinkamagaya	Kamagaya City, Chiba	7,770	1.3%	41,742.84	100.0%
RM-002	FOLEO Hirakata	Hirakata City, Osaka	4,580	0.8%	16,381.42	94.7%
RM-003	QIZ GATE URAWA	Saitama City, Saitama	4,270	0.7%	9,705.31	86.9%
RM-004	UNICUS Takasaki	Takasaki City, Gunma	3,000	0.5%	9,277.08	100.0%
RM-005	ACROSSPLAZA Miyoshi (Land)	Iruma District, Saitama	3,740	0.6%	24,018.00	100.0%
RM-006	DREAM TOWN ALI	Aomori City, Aomori	8,100	1.4%	22,196.81	98.5%
RM-007	ASOBOX (Land)	Kitakyushu City, Fukuoka	1,600	0.3%	11,207.90	100.0%
RM-008	FOLEO Ome Imai	Ome City, Tokyo	3,800	0.7%	8,637.91	100.0%
RR-001	LIFE Sagamihara Wakamatsu	Sagamihara City, Kanagawa	1,670	0.3%	2,973.44	100.0%
RR-002	FOLEO Sendai Miyanomori	Sendai City, Miyagi	6,960	1.2%	19,845.72	100.0%
RR-003	ACROSSPLAZA Inazawa (Land)	Inazawa City, Aichi	2,390	0.4%	31,981.70	100.0%
RR-004	Sports Depo and GOLF5 Kokurahigashi IC Store	Kitakyushu City, Fukuoka	2,230	0.4%	8,899.89	100.0%
RR-005	Hiratsuka Retail Property (Land)	Hiratsuka City, Kanagawa	5,620	1.0%	28,002.92	100.0%
OT-001	Urban Living Inage	Chiba City, Chiba	930	0.2%	4,177.52	100.0%
OT-002	Aburatsubo Marina HILLS	Miura City, Kanagawa	1,100	0.2%	3,901.14	100.0%
OT-003	Naha Shin-Toshin Center Building (Daiwa Roynet Hotel Naha-Omoromachi)	Naha City, Okinawa	7,600	1.3%	13,480.00	100.0%
OT-004	Sharp Hiroshima Building	Hiroshima City, Hiroshima	1,850	0.3%	3,064.89	100.0%

Asset class	Number of properties	Acquisition price (mil yen)	Investment ratio	Leasable area (m <sup>2</sup> )	Occupancy rate (Note)
Logistics	47 properties	260,119	45.0%	1,187,932.21	100.0%
Residential	135 properties	250,448	43.3%	487,242.91	97.3%
Retail	13 properties	55,730	9.6%	234,870.94	98.9%
Other	4 properties	11,480	2.0%	24,623.55	100.0%
Portfolio Total	199 properties	577,777	100.0%	1,934,669.61	99.2%

(Note) Occupancy rate as of August 31, 2017 is indicated.

# Rent Revision Schedule of Logistics Properties (1)

Property number	Property name	Tenant	Rent type	2018		2019		2020		2021		2022		Rent revision	Expiry
				Feb.	Aug.	Feb.	Aug.	Feb.	Aug.	Feb.	Aug.	Feb.	Aug.		
<b>Logistics Properties</b>															
LB-001	D Project Machida	Hitachi Capital Corporation	Fixed											No revision	2027/2/28
LB-002	D Project Hachioji	Mitsubishi Shokuhin Co., Ltd.	Fixed											2019/2/27	Not disclosed
LB-002	D Project Hachioji	Tokyo Logistics Factory CO. LTD	Fixed											2019/2/27	2029/2/28
LB-003	D Project Aikawa-Machi	Toward Co., Ltd.	Fixed											Not disclosed	2032/7/31
LB-004	D Project Shin-Misato	Asahi Security Co., Ltd.	Fixed											2019/5/1	2029/4/30
LB-005	D Project Urayasu I	Nakano Shokai Co., Ltd.	Fixed											No revision	2026/2/28
LB-006	D Project Urayasu II	Hitachi Capital Corporation	Fixed											Not disclosed	2027/5/31
LB-007	D Project Akanehama	DAICHI wo MAMORU KAI Co., Ltd.	Fixed											2020/10/11	2025/10/10
LB-008	D Project Noda	Mitsubishi Shokuhin Co., Ltd.	Fixed											2017/10/1	Not disclosed
LB-009	D Project Inuyama	Takihyo Co., Ltd.	Fixed											2020/1/1	2029/12/31
LB-010	D Project Gifu	GOTSU Co., Ltd.	Fixed											2019/3/23	2024/3/22
LB-011	D Project Neyagawa	NH Foods, Ltd.	Fixed											2018/8/1	Not disclosed
LB-012	D Project Sapporo Minami	Mitsubishi Shokuhin Co., Ltd.	Fixed											2017/12/1	Not disclosed
LB-013	D Project Morioka	Mitsubishi Shokuhin Co., Ltd.	Fixed											—	Not disclosed
LB-014	D Project Sendai Minami	Mitsubishi Shokuhin Co., Ltd.	Fixed											2021/4/1	Not disclosed
LB-015	D Project Tsuchiura	YAMATO MULTI-MAINTENANCE SOLUTIONS CO., LTD.	Fixed											2018/4/1	2029/4/14
LB-016	D Project Gotenba	HOKKOH Transportation, Inc.	Fixed											2019/1/15	2029/1/14
LB-017	D Project Nishi-Hiroshima A	UCC FOODS CO., LTD.	Fixed											2019/12/25	2023/1/31
LB-017	D Project Nishi-Hiroshima B	HOKKOH Transportation, Inc.	Fixed											2018/11/1	2028/10/31
LB-018	D Project Fukuoka Umi A	Nippon Express Co., Ltd.	Fixed											No revision	2021/1/20
LB-018	D Project Fukuoka Umi B	CREATE CORPORATION	Fixed											No revision	2022/4/15
LB-018	D Project Fukuoka Umi C	Fuji Logitech Co., Ltd.	Fixed											—	2021/5/31
LB-018	D Project Fukuoka Umi D	Japan Beverage Holdings Inc.	Fixed											2019/4/1	2026/8/31
LB-019	D Project Tosu	NH Foods, Ltd.	Fixed											2018/4/1	Not disclosed
LB-020	D Project Kuki I	TRANCOM Co., Ltd.	Fixed											2021/10/5	2031/10/4
LB-021	D Project Kuki II	Seven & i Holdings Co., Ltd.	Fixed											2018/6/21	2023/6/30
LB-022	D Project Kawagoe I	Daiwa Logistics Co., Ltd.	Fixed											2021/5/1	2026/4/30
LB-023	D Project Kawagoe II	Daiwa Logistics Co., Ltd.	Fixed											2017/9/3	2027/9/2
LB-024	DPL Inuyama	Sagawa Global Logistics Co., Ltd.	Fixed											2018/10/1	2028/9/30
LB-025	D Project Fukuoka Hakozaiki	Nakano Shokai Co., Ltd.	Fixed											No revision	2032/9/30
LB-026	D Project Kuki III	S.D.Logi CO., LTD.	Fixed											2018/6/28	2033/6/30



# Rent Revision Schedule of Logistics Properties (2)

Property number	Property name	Tenant	Rent type	2018		2019		2020		2021		2022		Rent revision	Expiry
				Feb.	Aug.	Feb.	Aug.	Feb.	Aug.	Feb.	Aug.	Feb.	Aug.		
<b>Logistics Properties</b>															
LB-027	D Project Kuki IV	Chuo Bussan Corporation	Fixed											No revision	2029/6/30
LB-028	D Project Kuki V	Hitachi Transport System, Ltd.	Fixed										Expiry	—	2022/6/30
LB-029	D Project Kuki VI	Sagawa Global Logistics Co., Ltd.	Fixed											2018/8/9	2024/2/9
LB-030	D Project Yashio	Tohto CO-OP	Fixed											2022/8/1	2031/7/31
LB-030	D Project Yashio	Ryutsu Service Co., Ltd.	Fixed											2022/8/1	2031/7/31
LB-031	D Project Nishiyodogawa	VANTEC CORPORATION	Fixed											2021/4/15	2026/8/15
LB-032	D Project Matsudo	Asahi Logistics Corp.	Fixed											2020/4/9	2031/4/30
LB-033	D Project Hibiki Nada	Nippon Express Co., Ltd.	Fixed										Expiry	No revision	2021/9/30
LB-034	D Project Morioka II	Nichirei Logistics Group Inc.	Fixed											—	2035/10/31
LB-035	D Project Kawagoe III	Hitachi Transport System Kanto Co., Ltd.	Fixed											2019/4/1	2024/6/30
LB-036	D Project Kazo	Itochu Logistics Corp.	Fixed											2020/3/1	2025/2/28
LB-037	D Project Urayasu III	Daiwa Logistics Co., Ltd.	Fixed											2022/6/1	2025/8/31
LB-038	D Project Tomisato	Tokyo Nohin Daiko Co., Ltd.	Fixed											No revision	2026/1/31
LB-039	D Project Kyotanabe	Hutech norin Co., Ltd.	Fixed											2017/9/28	2032/10/31
LB-040	D Project Sendai Izumi	Mitsubishi Shokuhin Co., Ltd.	Fixed											2019/4/1	Not disclosed
LB-041	D Project Oyama	Mitsubishi Shokuhin Co., Ltd.	Fixed											2020/3/1	Not disclosed
LB-042	D Project Sano	Toryusha Co., Ltd.	Fixed											No revision	2029/6/30
LB-043	D Project Tatebayashi	Hitachi Transport System Kanto Co., Ltd.	Fixed											2020/9/1	2030/8/31
LB-044	D Project Kakegawa	Hitachi Transport System Central Japan Co., Ltd.	Fixed											2019/8/1	2034/7/31
LB-045	D Project Hiroshima Seifu	MITSUI FOODS Co., Ltd.	Fixed											Not disclosed	Not disclosed
LB-046	D Project Tosu II	Marukyo Transportation Co., Ltd.	Fixed											—	2024/1/2
LM-001	DPL Misato	Kokubu Group Corp.	Fixed											2018/10/15	2033/11/14
LM-001	DPL Misato	ARATA CORPORATION	Fixed											No revision	2020/12/31
LM-001	DPL Misato	Kato Sangyo Co., Ltd.	Fixed											Not disclosed	Not disclosed
LM-001	DPL Misato	Nitori Co., Ltd.	Fixed											No revision	2018/10/31

## // Rent Revision / Lease Contract Renewal of Logistics Properties

Period ending Feb. 2018	Period ending Aug. 2018
Rent revision of 4 tenants → 3 tenants revised rent on equal terms	Rent revision of 6 tenants

# Rent Revision Schedule of Retail Properties

Property number	Property name	Tenant	Rent type	2018		2019		2020		2021		2022		Rent revision	Expiry
				Feb.	Aug.	Feb.	Aug.	Feb.	Aug.	Feb.	Aug.	Feb.	Aug.		
<b>Retail Properties</b>															
RM-001	ACROSSMALL Shinkamagaya	Daiwa Information Service Co., Ltd.	Fixed	Expiry										—	2017/12/11
RM-002	FOLEO Hirakata	Core tenant A	Fixed											2019/1/1	2026/12/8
RM-002	FOLEO Hirakata	Core tenant B	Fixed											2019/1/1	2026/12/14
RM-003	QiZ GATE URAWA	Core tenant A	Fixed											No revision	2027/5/31
RM-003	QiZ GATE URAWA	Core tenant B	Fixed											2020/3/27	2028/3/26
RM-004	UNICUS Takasaki	P&D Consulting Co., Ltd.	Fixed											2017/12/9	2028/11/19
RM-005	ACROSSPLAZA Miyoshi (Land)	Daiwa Information Service Co., Ltd.	Fixed											2017/10/1	2034/9/29
RM-006	DREAM TOWN ALI	Core tenant A	Fixed + Variable											No revision	2027/12/21
RM-006	DREAM TOWN ALI	Core tenant B	Fixed	Expiry										No revision	2017/11/1
RM-006	DREAM TOWN ALI	Core tenant C	Fixed + Variable							Expiry				No revision	2021/6/30
RM-007	ASOBOX (Land)	Daiwa Information Service Co., Ltd.	Fixed											2018/9/1	2037/8/31
RM-008	FOLEO Ome Imai	Belc CO., LTD.	Fixed											Not disclosed	Not disclosed
RM-008	FOLEO Ome Imai	Yamada Denki Co., Ltd.	Fixed											Not disclosed	2037/6/8
RR-001	LIFE Sagamihara Wakamatsu	LIFE CORPORATION	Fixed											2019/5/22	2027/5/21
RR-002	FOLEO Sendai Miyanomori	Daiwa House Industry Co., Ltd.	Fixed											No revision	2022/11/30
RR-003	ACROSSPLAZA Inazawa (Land)	Daiwa Information Service Co., Ltd.	Fixed											No revision	2034/2/24
RR-004	Sports Depo and GOLF5 Kukurahigashi IC Store	Alpen Co., Ltd.	Fixed											Not disclosed	2027/11/28
RR-005	Hiratsuka Retail Property (Land)	Not disclosed	Not disclosed											Not disclosed	Not disclosed

## // Rent Revision / Lease Contract Renewal of Retail Properties

Period ending Feb. 2018	Period ending Aug. 2018
Rent revision of 2 tenants → 1 tenant revised rent on equal terms  Contract expiry of 2 tenants → Core tenant B of DREAM TOWN ALI renewed a 10-year contract on equal terms	Rent revision - None Contract expiry - None

# Appraisal Value Changes Comparison (1)

Property number	Property name	Acquisition price	Book value Aug. 2017	Unrealized gain (loss)	(mil yen)			(%)						Appraiser (Note 2)			
					Appraisal value (Note 1)			Feb. 2017			Aug. 2017				Change		
					Feb. 2017	Aug. 2017	Change	Direct cap	DCF		Direct cap	DCF			Direct cap	DCF	
									CR	DR		TCR	CR			DR	TCR
LB-001	D Project Machida	9,200	9,211	208	9,410	9,420	10	4.6	4.5/4.6	4.8	4.5	4.4/4.5	4.7	-0.1	-0.1	-0.1	Tanizawa
LB-002	D Project Hachioji	15,400	15,242	557	15,700	15,800	100	4.5	4.4/4.5	4.7	4.4	4.3/4.4	4.6	-0.1	-0.1	-0.1	Tanizawa
LB-003	D Project Aikawa-Machi	3,390	3,721	538	3,430	4,260	830	4.7	4.7	4.9	4.6	4.6	4.8	-0.1	-0.1	-0.1	Tanizawa
LB-004	D Project Shin-Misato	5,710	5,668	91	5,760	5,760	0	5.2	5.2	5.4	5.2	5.2	5.4	0.0	0.0	0.0	Tanizawa
LB-005	D Project Urayasu I	9,280	9,225	284	9,460	9,510	50	4.2	4.3	4.4	4.1	4.2	4.3	-0.1	-0.1	-0.1	Tanizawa
LB-006	D Project Urayasu II	26,000	25,844	855	26,200	26,700	500	4.1	4.1/4.2	4.3	4.0	4.0/4.1	4.2	-0.1	-0.1	-0.1	Tanizawa
LB-007	D Project Akanehama	2,950	2,927	102	2,980	3,030	50	4.6	4.7	4.8	4.5	4.6	4.7	-0.1	-0.1	-0.1	Tanizawa
LB-008	D Project Noda	6,210	6,178	271	6,340	6,450	110	4.8	4.7	5.0	4.7	4.6/4.7	4.9	-0.1	-0.1	-0.1	Tanizawa
LB-009	D Project Inuyama	8,690	8,583	416	8,820	9,000	180	5.0	4.9/5.0	5.2	4.9	4.8/4.9	5.1	-0.1	-0.1	-0.1	Tanizawa
LB-010	D Project Gifu	1,100	1,084	45	1,110	1,130	20	5.6	5.5/5.6	5.8	5.5	5.4/5.5	5.7	-0.1	-0.1	-0.1	Tanizawa
LB-011	D Project Neyagawa	5,980	5,932	267	6,080	6,200	120	4.7	4.7	4.9	4.6	4.6	4.8	-0.1	-0.1	-0.1	Tanizawa
LB-012	D Project Sapporo Minami	818	803	42	838	846	8	6.1	5.9/6.0	6.3	6.0	5.9	6.2	-0.1	-0.1	-0.1	Tanizawa
LB-013	D Project Morioka	1,200	1,181	28	1,220	1,210	-10	6.0	5.9	6.2	6.0	5.9	6.2	0.0	0.0	0.0	Tanizawa
LB-014	D Project Sendai Minami	1,530	1,505	44	1,550	1,550	0	5.3	5.1/5.2	5.5	5.3	5.1/5.2	5.5	0.0	0.0	0.0	Tanizawa
LB-015	D Project Tsuchiura	3,390	3,341	108	3,430	3,450	20	5.3	5.2	5.5	5.3	5.2	5.5	0.0	0.0	0.0	Tanizawa
LB-016	D Project Gotenba	1,140	1,126	23	1,160	1,150	-10	5.5	5.4	5.7	5.4	5.3	5.6	-0.1	-0.1	-0.1	Tanizawa
LB-017	D Project Nishi-Hiroshima	1,210	1,198	1	1,220	1,200	-20	5.5	5.5/5.6	5.7	5.5	5.5/5.6	5.7	0.0	0.0	0.0	Tanizawa
LB-018	D Project Fukuoka Umi	4,240	4,189	100	4,300	4,290	-10	5.2	4.9/5.0 /5.1	5.4	5.1	4.8/4.9 /5.0	5.3	-0.1	-0.1	-0.1	Tanizawa
LB-019	D Project Tosu	5,740	5,649	260	5,800	5,910	110	5.2	5.2/5.3	5.4	5.1	5.1/5.2	5.3	-0.1	-0.1	-0.1	Tanizawa
LB-020	D Project Kuki I	3,900	3,859	250	4,020	4,110	90	4.9	4.9/5.0	5.1	4.8	4.8/4.9	5.0	-0.1	-0.1	-0.1	Tanizawa
LB-021	D Project Kuki II	8,120	8,007	572	8,400	8,580	180	4.9	4.9/5.0	5.1	4.8	4.8/4.9	5.0	-0.1	-0.1	-0.1	Tanizawa
LB-022	D Project Kawagoe I	3,530	3,499	210	3,640	3,710	70	4.9	4.9/5.0	5.1	4.8	4.8/4.9	5.0	-0.1	-0.1	-0.1	Tanizawa
LB-023	D Project Kawagoe II	4,850	4,804	345	5,070	5,150	80	4.9	4.9	5.1	4.8	4.8/4.9	5.0	-0.1	-0.1	-0.1	Tanizawa
LB-024	DPL Inuyama	3,940	3,896	163	3,970	4,060	90	5.0	4.9	5.2	4.9	4.8	5.1	-0.1	-0.1	-0.1	Tanizawa
LB-025	D Project Fukuoka Hakozaki	4,340	4,292	227	4,430	4,520	90	4.9	4.8	5.1	4.8	4.7	5.0	-0.1	-0.1	-0.1	Tanizawa
LB-026	D Project Kuki III	7,630	7,540	589	7,890	8,130	240	4.9	4.9/5.0	5.1	4.8	4.8/4.9	5.0	-0.1	-0.1	-0.1	Tanizawa
LB-027	D Project Kuki IV	5,520	5,462	347	5,690	5,810	120	4.9	4.9/5.0	5.1	4.8	4.8/4.9	5.0	-0.1	-0.1	-0.1	Tanizawa
LB-028	D Project Kuki V	8,280	8,239	550	8,610	8,790	180	4.9	4.9/5.0	5.1	4.8	4.8/4.9	5.0	-0.1	-0.1	-0.1	Tanizawa
LB-029	D Project Kuki VI	5,140	5,071	348	5,300	5,420	120	4.9	4.9/5.0	5.1	4.8	4.8/4.9	5.0	-0.1	-0.1	-0.1	Tanizawa
LB-030	D Project Yashio	6,400	6,339	260	6,480	6,600	120	4.7	4.2	5.0	4.6	4.1	4.9	-0.1	-0.1	-0.1	JREI
LB-031	D Project Nishiyodogawa	10,300	10,178	521	10,500	10,700	200	4.9	4.6	5.1	4.8	4.5	5.0	-0.1	-0.1	-0.1	JREI
LB-032	D Project Matsudo	7,370	7,309	310	7,460	7,620	160	4.7	4.4	4.8	4.6	4.3	4.7	-0.1	-0.1	-0.1	JREI

# Appraisal Value Changes Comparison (2)

Property number	Property name	Acquisition price	Book value Aug. 2017	Unrealized gain (loss)	(mil yen)			(%)									Appraiser (Note 2)
					Appraisal value (Note 1)			Feb. 2017			Aug. 2017			Change			
					Feb. 2017	Aug. 2017	Change	Direct cap	DCF		Direct cap	DCF		Direct cap	DCF		
									CR	DR		TCR	CR		DR	TCR	
LB-033	D Project Hibiki Nada	2,080	2,063	66	2,150	2,130	-20	5.9	5.8/6.0	6.1	5.8	5.7/5.9	6.0	-0.1	-0.1	-0.1	Tanizawa
LB-034	D Project Morioka II	1,280	1,274	55	1,320	1,330	10	6.0	5.7/5.8	6.2	6.0	5.7/5.8	6.2	0.0	0.0	0.0	Tanizawa
LB-035	D Project Kawagoe III	7,200	7,227	232	7,260	7,460	200	4.8	4.8/4.9	5.0	4.7	4.7/4.8	4.9	-0.1	-0.1	-0.1	Tanizawa
LB-036	D Project Kazo	3,300	3,314	115	3,350	3,430	80	5.0	5.0/5.1	5.2	4.9	4.9/5.0	5.1	-0.1	-0.1	-0.1	Tanizawa
LB-037	D Project Urayasu III	8,500	8,526	813	8,880	9,340	460	4.3	4.2/4.3 /4.4	4.5	4.1	4.0/4.1 /4.2	4.3	-0.2	-0.2	-0.2	Tanizawa
LB-038	D Project Tomisato	5,000	5,015	24	5,030	5,040	10	5.0	5.0/5.1	5.2	5.0	5.0/5.1	5.2	0.0	0.0	0.0	Tanizawa
LB-039	D Project Kyotanabe	3,520	3,535	84	3,550	3,620	70	5.7	5.3	6.0	5.6	5.2	5.9	-0.1	-0.1	-0.1	JREI
LB-040	D Project Sendai Izumi	1,510	1,520	69	1,560	1,590	30	5.5	5.2	5.7	5.4	5.1	5.6	-0.1	-0.1	-0.1	JREI
LB-041	D Project Oyama	2,000	2,008	11	2,010	2,020	10	5.6	5.7	5.8	5.6	5.7	5.8	0.0	0.0	0.0	Tanizawa
LB-042	D Project Sano	1,780	1,791	-1	1,780	1,790	10	5.6	5.6	5.8	5.6	5.6	5.8	0.0	0.0	0.0	Tanizawa
LB-043	D Project Tatebayashi	3,100	3,111	38	3,120	3,150	30	5.6	5.6	5.8	5.6	5.6	5.8	0.0	0.0	0.0	Tanizawa
LB-044	D Project Kakegawa	6,000	6,023	116	6,070	6,140	70	5.7	5.5	5.9	5.7	5.5	5.9	0.0	0.0	0.0	JREI
LB-045	D Project Hiroshima Seifu	3,820	3,836	93	3,860	3,930	70	5.7	5.2	6.1	5.6	5.1	6.0	-0.1	-0.1	-0.1	JREI
LB-046	D Project Tosu II	1,700	1,709	130	1,740	1,840	100	5.3	5.3/5.4	5.5	5.2	5.2/5.3	5.4	-0.1	-0.1	-0.1	Tanizawa
LM-001	DPL Misato	16,831	16,875	524	16,900	17,400	500	4.3	4.3/4.4	4.5	4.2	4.2/4.3	4.4	-0.1	-0.1	-0.1	Tanizawa
<b>Logistics Properties Total</b>		<b>260,119</b>	<b>258,948</b>	<b>11,327</b>	<b>264,848</b>	<b>270,276</b>	<b>5,428</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
RE-001	Qiz Ebisu	7,650	7,238	1,281	8,290	8,520	230	4.0	4.2	4.2	3.9	4.1	4.1	-0.1	-0.1	-0.1	Tanizawa
RE-002	Castalia Azabujuban Shichimenzaka	4,500	4,170	49	4,210	4,220	10	4.2	4.0	4.4	4.2	4.0	4.4	0.0	0.0	0.0	Chuo
RE-003	Castalia Shibakoen	2,630	2,410	-220	2,140	2,190	50	4.4	4.5	4.6	4.3	4.4	4.5	-0.1	-0.1	-0.1	Tanizawa
RE-004	Castalia Ginza	2,520	2,353	-133	2,170	2,220	50	4.3	4.4	4.5	4.2	4.3	4.4	-0.1	-0.1	-0.1	Tanizawa
RE-005	Castalia Hiroo	2,220	2,077	-247	1,800	1,830	30	4.2	4.3	4.4	4.1	4.2	4.3	-0.1	-0.1	-0.1	Tanizawa
RE-006	Castalia Nihonbashi	1,200	1,073	96	1,140	1,170	30	4.4	4.5	4.6	4.3	4.4	4.5	-0.1	-0.1	-0.1	Tanizawa
RE-007	Castalia Hacchobori	2,300	2,116	133	2,190	2,250	60	4.4	4.5	4.6	4.3	4.4	4.5	-0.1	-0.1	-0.1	Tanizawa
RE-008	Castalia Azabujuban	2,910	2,792	-132	2,650	2,660	10	4.2	4.0	4.4	4.2	4.0	4.4	0.0	0.0	0.0	Chuo
RE-009	Castalia Azabujuban II	2,690	2,530	-30	2,490	2,500	10	4.1	3.9	4.3	4.1	3.9	4.3	0.0	0.0	0.0	Chuo
RE-010	Castalia Shinjuku Natsumezaka	1,865	1,770	-160	1,670	1,610	-60	4.3	4.1	4.5	4.3	4.1	4.5	0.0	0.0	0.0	Chuo
RE-011	Castalia Ginza II	1,800	1,667	62	1,670	1,730	60	4.3	4.4	4.5	4.2	4.3	4.4	-0.1	-0.1	-0.1	Tanizawa
RE-012	Castalia Shibuya Sakuragaoka	1,400	1,340	-240	1,080	1,100	20	4.2	4.4	4.4	4.1	4.3	4.3	-0.1	-0.1	-0.1	Tanizawa
RE-013	Castalia Nishi Azabu Kasumicho	2,143	2,316	-56	2,210	2,260	50	4.3	4.4	4.5	4.2	4.3	4.4	-0.1	-0.1	-0.1	Tanizawa
RE-014	Castalia Ochanomizu	1,770	1,706	413	2,050	2,120	70	4.4	4.2	4.6	4.3	4.1	4.5	-0.1	-0.1	-0.1	JREI
RE-015	Castalia Sangubashi	1,393	1,470	49	1,520	1,520	0	4.3	4.5	4.5	4.2	4.4	4.4	-0.1	-0.1	-0.1	Tanizawa
RE-016	Castalia Suitengu	1,279	1,199	190	1,360	1,390	30	4.5	4.5	4.7	4.4	4.4	4.6	-0.1	-0.1	-0.1	Tanizawa

# Appraisal Value Changes Comparison (3)

Property number	Property name	Acquisition price	Book value Aug. 2017	Unrealized gain (loss)	(mil yen)			(%)									Appraiser (Note 2)
					Appraisal value (Note 1)			Feb. 2017			Aug. 2017			Change			
					Feb. 2017	Aug. 2017	Change	Direct cap	DCF		Direct cap	DCF		Direct cap	DCF		
								CR	DR	TCR	CR	DR	TCR	CR	DR	TCR	
RE-017	Castalia Suitengu II	1,138	1,101	158	1,220	1,260	40	4.4	4.5	4.6	4.3	4.4	4.5	-0.1	-0.1	-0.1	Tanizawa
RE-018	Castalia Shintomicho	932	914	115	998	1,030	32	4.5	4.5	4.7	4.4	4.4	4.6	-0.1	-0.1	-0.1	Tanizawa
RE-019	Castalia Shintomicho II	825	814	99	882	914	32	4.5	4.5	4.7	4.4	4.4	4.6	-0.1	-0.1	-0.1	Tanizawa
RE-020	Castalia Harajuku	887	859	80	910	940	30	4.2	4.0	4.4	4.1	3.9	4.3	-0.1	-0.1	-0.1	JREI
RE-021	Castalia Yoyogi Uehara	608	646	66	695	713	18	4.3	4.1	4.5	4.2	4.0	4.4	-0.1	-0.1	-0.1	JREI
RE-022	Castalia Sendagaya	555	558	53	596	612	16	4.3	4.1	4.5	4.2	4.0	4.4	-0.1	-0.1	-0.1	JREI
RE-023	Castalia Shinjuku 7 chome	464	441	87	518	529	11	4.6	4.4	4.8	4.5	4.3	4.7	-0.1	-0.1	-0.1	JREI
RE-024	Castalia Ningyocho	947	865	364	1,190	1,230	40	4.3	4.1	4.5	4.2	4.0	4.4	-0.1	-0.1	-0.1	JREI
RE-025	Castalia Ningyocho II	1,070	979	380	1,330	1,360	30	4.3	4.1	4.5	4.2	4.0	4.4	-0.1	-0.1	-0.1	JREI
RE-026	Castalia Shin-Ochanomizu	914	858	231	1,060	1,090	30	4.3	4.1	4.5	4.2	4.0	4.4	-0.1	-0.1	-0.1	JREI
RE-027	Castalia Higashi Nihonbashi II	1,370	1,265	414	1,660	1,680	20	4.3	4.1	4.5	4.2	4.0	4.4	-0.1	-0.1	-0.1	JREI
RE-028	Castalia Jinbocho	1,160	1,085	364	1,420	1,450	30	4.3	4.1	4.5	4.2	4.0	4.4	-0.1	-0.1	-0.1	JREI
RE-029	Castalia Shintomicho III	675	618	140	739	759	20	4.4	4.1	4.7	4.3	4.0	4.6	-0.1	-0.1	-0.1	JREI
RE-030	Castalia Shinjuku Gyoen	2,720	2,623	476	3,030	3,100	70	4.4	4.6	4.6	4.3	4.5	4.5	-0.1	-0.1	-0.1	Tanizawa
RE-031	Castalia Takawadai	860	818	211	1,010	1,030	20	4.2	4.0	4.4	4.1	3.9	4.3	-0.1	-0.1	-0.1	JREI
RE-032	Castalia Higashi Nihonbashi III	666	612	194	791	807	16	4.3	4.1	4.5	4.2	4.0	4.4	-0.1	-0.1	-0.1	Daiwa
RE-033	Castalia Shinjuku Gyoen II	486	475	35	499	511	12	4.4	4.6	4.6	4.3	4.5	4.5	-0.1	-0.1	-0.1	Tanizawa
RE-034	Castalia Shintomicho IV	400	375	95	459	471	12	4.3	4.1	4.5	4.2	4.0	4.4	-0.1	-0.1	-0.1	Daiwa
RE-035	Castalia Takawadai II	1,190	1,161	188	1,320	1,350	30	4.2	4.0	4.4	4.1	3.9	4.3	-0.1	-0.1	-0.1	JREI
RE-036	Castalia Minami Azabu	642	611	85	680	697	17	4.2	4.0	4.4	4.1	3.9	4.3	-0.1	-0.1	-0.1	JREI
RE-037	Castalia Ginza III	2,880	2,735	234	2,900	2,970	70	4.3	4.4	4.5	4.2	4.3	4.4	-0.1	-0.1	-0.1	Tanizawa
RE-038	Castalia Kayabacho	2,707	2,525	574	3,030	3,100	70	4.5	4.5	4.7	4.4	4.4	4.6	-0.1	-0.1	-0.1	Tanizawa
RE-039	Castalia Takanawa	7,430	7,143	656	7,610	7,800	190	4.4	4.7	4.6	4.3	4.6	4.5	-0.1	-0.1	-0.1	Tanizawa
RE-040	Castalia Higashi Nihonbashi	3,520	3,266	733	4,000	4,000	0	4.5	4.3	4.7	4.5	4.3	4.7	0.0	0.0	0.0	Chuo
RE-041	Castalia Shinjuku	2,950	2,851	518	3,370	3,370	0	4.3	4.5	4.5	4.3	4.5	4.5	0.0	0.0	0.0	Tanizawa
RE-042	Castalia Ichigaya	940	880	449	1,330	1,330	0	4.4	4.2	4.6	4.4	4.2	4.6	0.0	0.0	0.0	Chuo
RE-043	Shibaura Island Bloom Tower	7,580	6,910	1,869	8,760	8,780	20	—	4.0	6.1	—	4.0	6.1	—	0.0	0.0	JREI
RE-044	Castalia Hatsudai	2,030	1,988	361	2,300	2,350	50	4.3	4.1	4.5	4.2	4.0	4.4	-0.1	-0.1	-0.1	Daiwa
RE-045	Castalia Hatsudai II	1,900	1,882	157	2,070	2,040	-30	4.2	4.0	4.4	4.2	4.0	4.4	0.0	0.0	0.0	Morii
RE-046	Castalia Ebisu	1,420	1,418	131	1,600	1,550	-50	4.1	3.9	4.3	4.1	3.9	4.3	0.0	0.0	0.0	Morii
RE-047	Castalia Meguro Kamurozaka	4,500	4,059	290	4,230	4,350	120	4.2	4.0	4.4	4.1	3.9	4.3	-0.1	-0.1	-0.1	Daiwa
RE-048	Castalia Torisudaigaku	648	596	-37	558	559	1	5.1	4.9	5.4	5.1	4.9	5.4	0.0	0.0	0.0	Chuo

# Appraisal Value Changes Comparison (4)

Property number	Property name	Acquisition price	Book value Aug. 2017	Unrealized gain (loss)	(mil yen)			(%)									Appraiser (Note 2)
					Appraisal value (Note 1)			Feb. 2017			Aug. 2017			Change			
					Feb. 2017	Aug. 2017	Change	Direct cap	DCF		Direct cap	DCF		Direct cap	DCF		
								CR	DR	TCR	CR	DR	TCR	CR	DR	TCR	
RE-049	Castalia Yukigaya	1,110	1,006	103	1,090	1,110	20	4.5	4.6	4.7	4.4	4.5	4.6	-0.1	-0.1	-0.1	Tanizawa
RE-050	Castalia Yutenji	1,450	1,332	-52	1,260	1,280	20	4.2	4.0	4.4	4.2	4.0	4.4	0.0	0.0	0.0	Chuo
RE-051	Castalia Otsuka	1,480	1,336	283	1,620	1,620	0	4.3	4.1	4.5	4.3	4.1	4.5	0.0	0.0	0.0	Chuo
RE-052	Castalia Kikukawa	817	731	46	755	778	23	4.6	4.7	4.8	4.5	4.6	4.7	-0.1	-0.1	-0.1	Tanizawa
RE-053	Castalia Meguro	844	845	146	972	992	20	4.5	4.2	4.7	4.4	4.1	4.6	-0.1	-0.1	-0.1	JREI
RE-054	Castalia Otsuka II	1,040	990	259	1,230	1,250	20	4.4	4.2	4.6	4.3	4.1	4.5	-0.1	-0.1	-0.1	JREI
RE-055	Castalia Jiyugaoka	1,200	1,166	223	1,370	1,390	20	4.2	4.0	4.4	4.1	3.9	4.3	-0.1	-0.1	-0.1	JREI
RE-056	Castalia Mejiro	988	937	132	1,070	1,070	0	4.6	4.4	4.8	4.6	4.4	4.8	0.0	0.0	0.0	Chuo
RE-057	Castalia Ikebukuro	2,570	2,461	348	2,750	2,810	60	4.3	4.1	4.5	4.2	4.0	4.4	-0.1	-0.1	-0.1	Daiwa
RE-058	Castalia Kaname-cho	1,140	1,065	164	1,220	1,230	10	4.5	4.7	4.7	4.4	4.6	4.6	-0.1	-0.1	-0.1	Tanizawa
RE-059	Castalia Tower Shinagawa Seaside	7,380	6,836	1,903	8,540	8,740	200	4.5	4.5	4.7	4.4	4.4	4.6	-0.1	-0.1	-0.1	Tanizawa
RE-060	Castalia Yakumo	857	833	-60	761	773	12	4.4	4.6	4.6	4.3	4.5	4.5	-0.1	-0.1	-0.1	Tanizawa
RE-061	Castalia Togoshiekimae	1,560	1,472	457	1,890	1,930	40	4.5	4.3	4.7	4.4	4.2	4.6	-0.1	-0.1	-0.1	JREI
RE-062	Castalia Honjo Azumabashi	996	990	129	1,090	1,120	30	4.7	4.8	4.9	4.6	4.7	4.8	-0.1	-0.1	-0.1	Tanizawa
RE-063	Castalia Kitazawa	742	762	49	797	812	15	4.4	4.2	4.6	4.3	4.1	4.5	-0.1	-0.1	-0.1	JREI
RE-064	Castalia Monzennakacho	503	459	87	525	547	22	4.8	4.9	5.0	4.6	4.7	4.8	-0.2	-0.2	-0.2	Tanizawa
RE-065	Castalia Kamiikedai	198	182	32	212	215	3	5.1	4.7	5.3	5.0	4.6	5.2	-0.1	-0.1	-0.1	JREI
RE-066	Castalia Morishita	832	805	214	998	1,020	22	4.4	4.2	4.6	4.3	4.1	4.5	-0.1	-0.1	-0.1	JREI
RE-067	Castalia Wakabayashikoen	776	748	98	830	847	17	4.3	4.1	4.5	4.2	4.0	4.4	-0.1	-0.1	-0.1	Daiwa
RE-068	Castalia Asakusabashi	792	739	204	932	944	12	4.5	4.3	4.7	4.5	4.3	4.7	0.0	0.0	0.0	Chuo
RE-069	Castalia Iriya	546	505	150	653	656	3	4.9	4.7	5.1	4.9	4.7	5.1	0.0	0.0	0.0	Chuo
RE-070	Castalia Kita Ueno	2,641	2,418	301	2,670	2,720	50	4.6	4.7	4.8	4.5	4.6	4.7	-0.1	-0.1	-0.1	Tanizawa
RE-071	Castalia Morishita II	686	623	164	774	788	14	4.6	4.7	4.8	4.5	4.6	4.7	-0.1	-0.1	-0.1	Tanizawa
RE-072	Castalia Minowa	1,430	1,306	243	1,510	1,550	40	4.6	4.7	4.8	4.5	4.6	4.7	-0.1	-0.1	-0.1	Tanizawa
RE-073	Castalia Oyamadai	533	502	99	583	602	19	4.5	4.6	4.7	4.4	4.5	4.6	-0.1	-0.1	-0.1	Tanizawa
RE-074	Castalia Nakano	1,060	978	251	1,200	1,230	30	4.4	4.2	4.6	4.3	4.1	4.5	-0.1	-0.1	-0.1	JREI
RE-075	Castalia Yoga	923	874	265	1,110	1,140	30	4.4	4.6	4.6	4.3	4.5	4.5	-0.1	-0.1	-0.1	Tanizawa
RE-076	Castalia Sumiyoshi	948	857	152	1,010	1,010	0	4.5	4.6	4.7	4.5	4.6	4.7	0.0	0.0	0.0	Tanizawa
RE-077	Castalia Monzennakacho II	2,160	2,002	667	2,610	2,670	60	4.4	4.2	4.6	4.3	4.1	4.5	-0.1	-0.1	-0.1	JREI
RE-078	Castalia Oshiage	1,100	996	123	1,100	1,120	20	4.7	5.0/4.8	4.9	4.6	4.9/4.7	4.8	-0.1	-0.1	-0.1	Tanizawa
RE-079	Castalia Kuramae	1,260	1,151	308	1,460	1,460	0	4.5	4.7/4.6	4.7	4.5	4.7/4.6	4.7	0.0	0.0	0.0	Tanizawa
RE-080	Castalia Nakanobu	1,790	1,673	906	2,580	2,580	0	4.3	4.1	4.5	4.3	4.1	4.5	0.0	0.0	0.0	Chuo



# Appraisal Value Changes Comparison (5)

Property number	Property name	Acquisition price	Book value Aug. 2017	Unrealized gain (loss)	(mil yen)			(%)									Appraiser (Note 2)
					Appraisal value (Note 1)			Feb. 2017			Aug. 2017			Change			
					Feb. 2017	Aug. 2017	Change	Direct cap	DCF		Direct cap	DCF		Direct cap	DCF		
								CR	DR	TCR	CR	DR	TCR	CR	DR	TCR	
RE-081	Royal Parks Toyosu	7,360	6,402	3,317	9,710	9,720	10	4.7	4.4	5.0	4.7	4.4	5.0	0.0	0.0	0.0	Chuo
RE-082	Castalia Togoshi	1,770	1,617	892	2,510	2,510	0	4.4	4.2	4.6	4.4	4.2	4.6	0.0	0.0	0.0	Chuo
RE-083	Castalia Ooimachi	1,181	1,170	309	1,450	1,480	30	4.2	4.1	4.4	4.1	4.0	4.3	-0.1	-0.1	-0.1	Morii
RE-084	Castalia Omori	1,500	1,450	329	1,780	1,780	0	4.4	4.2	4.6	4.4	4.2	4.6	0.0	0.0	0.0	Chuo
RE-085	Castalia Mishuku	1,900	1,864	425	2,290	2,290	0	4.4	4.2	4.6	4.4	4.2	4.6	0.0	0.0	0.0	Chuo
RE-086	Castalia Arakawa	1,660	1,574	565	2,140	2,140	0	4.6	4.4	4.8	4.6	4.4	4.8	0.0	0.0	0.0	Chuo
RE-087	Castalia Omori II	2,370	2,292	537	2,760	2,830	70	4.3	4.1	4.5	4.2	4.0	4.4	-0.1	-0.1	-0.1	Morii
RE-088	Castalia Nakameguro	3,800	3,787	482	4,270	4,270	0	4.1	3.9	4.3	4.1	3.9	4.3	0.0	0.0	0.0	Morii
RE-089	Castalia Meguro Chojyamaru	2,030	2,018	231	2,300	2,250	-50	4.1	3.9	4.3	4.1	3.9	4.3	0.0	0.0	0.0	Morii
RE-090	Castalia Meguro Takaban	1,750	1,760	59	1,880	1,820	-60	4.4	4.2	4.6	4.3	4.1	4.5	-0.1	-0.1	-0.1	Morii
RE-091	Castalia Omori III	1,520	1,494	155	1,690	1,650	-40	4.3	4.1	4.5	4.3	4.1	4.5	0.0	0.0	0.0	Morii
RE-092	Morino Tonari	1,020	1,056	113	1,170	1,170	0	4.3	4.1	4.5	4.2	4.0	4.4	-0.1	-0.1	-0.1	JREI
RE-093	Castalia Meguro Tairamachi	1,165	1,215	54	1,240	1,270	30	4.1	3.9	4.3	4.0	3.8	4.2	-0.1	-0.1	-0.1	Morii
RE-094	Royal Parks SEASIR	4,350	4,313	626	4,880	4,940	60	5.6	5.4/5.8	—	5.5	5.3/5.7	—	-0.1	-0.1	—	Morii
RE-095	Castalia Honkomagome	1,520	1,540	169	1,670	1,710	40	4.5	4.3	4.7	4.4	4.2	4.6	-0.1	-0.1	-0.1	Morii
RE-096	Cosmo Heim Musashikosugi	1,674	1,618	351	1,970	1,970	0	4.9	4.7	5.1	4.9	4.7	5.1	0.0	0.0	0.0	Chuo
RE-097	Castalia Tsurumi	666	601	129	730	731	1	5.2	5.0	5.4	5.2	5.0	5.4	0.0	0.0	0.0	Chuo
RE-098	Castalia Funabashi	704	710	72	775	783	8	5.1	5.1/4.9	5.3	5.0	5.0/4.8	5.2	-0.1	-0.1	-0.1	Tanizawa
RE-099	Castalia Nishi Funabashi	783	753	154	888	908	20	5.4	5.2	5.6	5.3	5.1	5.5	-0.1	-0.1	-0.1	JREI
RE-105	Castalia Nogeeyama	325	300	27	318	328	10	5.3	5.1	5.5	5.2	5.0	5.4	-0.1	-0.1	-0.1	JREI
RE-106	Castalia Ichikawa	461	412	117	521	530	9	5.3	5.1	5.5	5.2	5.0	5.4	-0.1	-0.1	-0.1	JREI
RE-107	Royal Parks Hanakoganei	5,300	4,900	1,289	6,070	6,190	120	5.2	5.0/5.4	—	5.1	4.9/5.3	—	-0.1	-0.1	—	Daiwa
RE-108	Castalia Musashikosugi	1,680	1,662	177	1,900	1,840	-60	4.6	4.4	4.8	4.6	4.4	4.8	0.0	0.0	0.0	Morii
RE-109	Royal Parks Wakabadai	4,360	4,111	848	4,910	4,960	50	5.3	5.1/5.5	—	5.2	5.0/5.4	—	-0.1	-0.1	—	Daiwa
RE-110	Pacific Royal Court Minatomirai Urban Tower	9,100	8,971	1,928	10,700	10,900	200	5.1	4.9/5.3	—	5.0	4.8/5.2	—	-0.1	-0.1	—	Morii
RE-111	L-Place Shinkoyasu	1,720	1,752	257	1,970	2,010	40	5.1	4.9	5.3	5.0	4.8	5.2	-0.1	-0.1	-0.1	JREI
RE-112	Royal Parks Musashikosugi	1,060	1,046	233	1,270	1,280	10	5.1	4.9/5.3	—	5.0	4.8/5.2	—	-0.1	-0.1	—	Morii
RE-115	Crest Kusatsu	3,004	2,882	-922	1,960	1,960	0	7.0	7.1	7.2	6.8	6.9	7.0	-0.2	-0.2	-0.2	Tanizawa
RE-116	Castalia Sakaisuji Honmachi	1,490	1,339	360	1,670	1,700	30	4.9	5.0	5.1	4.8	4.9	5.0	-0.1	-0.1	-0.1	Tanizawa
RE-117	Castalia Shin-Umeda	1,376	1,229	290	1,490	1,520	30	5.0	5.1	5.2	4.9	5.0	5.1	-0.1	-0.1	-0.1	Tanizawa
RE-118	Castalia Abeno	4,368	4,060	879	4,810	4,940	130	4.9	5.0	5.1	4.8	4.9	5.0	-0.1	-0.1	-0.1	Tanizawa
RE-119	Castalia Sakae	1,010	926	283	1,210	1,210	0	4.9	4.7	5.1	4.9	4.7	5.1	0.0	0.0	0.0	Chuo

# Appraisal Value Changes Comparison (6)

Property number	Property name	Acquisition price	Book value Aug. 2017	Unrealized gain (loss)	(mil yen)			(%)									Appraiser (Note 2)
					Appraisal value (Note 1)			Feb. 2017			Aug. 2017			Change			
					Feb. 2017	Aug. 2017	Change	Direct cap	DCF		Direct cap	DCF		Direct cap	DCF		
									CR	DR		TCR	CR		DR	TCR	
RE-121	Castalia Maruyama Urasando	411	370	138	499	509	10	5.2	5.2	5.4	5.1	5.1	5.3	-0.1	-0.1	-0.1	Tanizawa
RE-122	Castalia Maruyama Omotesando	1,740	1,571	448	2,020	2,020	0	5.1	5.1	5.3	5.1	5.1	5.3	0.0	0.0	0.0	Tanizawa
RE-123	Castalia Higashi Hie	960	858	141	1,000	1,000	0	5.1	5.3	5.3	5.1	5.3	5.3	0.0	0.0	0.0	Tanizawa
RE-124	Castalia Tower Nagahoribashi	3,400	3,016	1,443	4,450	4,460	10	4.8	4.6	5.0	4.8	4.6	5.0	0.0	0.0	0.0	Chuo
RE-125	Castalia Sannomiya	1,230	1,093	426	1,490	1,520	30	5.1	4.9	5.3	5.0	4.8	5.2	-0.1	-0.1	-0.1	Daiwa
RE-126	Castalia Kotodaikoen	481	424	131	546	556	10	5.4	5.4	5.6	5.3	5.3	5.5	-0.1	-0.1	-0.1	Daiwa
RE-127	Castalia Ichibancho	783	707	240	932	948	16	5.4	5.4	5.6	5.3	5.3	5.5	-0.1	-0.1	-0.1	Daiwa
RE-128	Castalia Omachi	656	619	143	739	763	24	5.4	5.4	5.6	5.3	5.3	5.5	-0.1	-0.1	-0.1	Daiwa
RE-129	Castalia Uemachidai	2,190	1,986	693	2,630	2,680	50	4.8	4.6	5.0	4.7	4.5	4.9	-0.1	-0.1	-0.1	Daiwa
RE-130	Castalia Tower Higobashi	2,670	2,424	1,115	3,530	3,540	10	4.8	4.6	5.0	4.8	4.6	5.0	0.0	0.0	0.0	Chuo
RE-131	Big Tower Minami Sanjo	1,740	1,385	1,244	2,570	2,630	60	5.3	5.1	5.5	5.2	5.0	5.4	-0.1	-0.1	-0.1	Daiwa
RE-132	Castalia Fushimi	2,260	2,031	1,008	3,010	3,040	30	4.9	4.7	5.1	4.8	4.6	5.0	-0.1	-0.1	-0.1	JREI
RE-133	Castalia Meieki Minami	720	677	238	897	916	19	4.7	4.5	4.9	4.6	4.4	4.8	-0.1	-0.1	-0.1	Morii
RE-134	Castalia Yakuin	930	899	240	1,120	1,140	20	4.8	4.6	5.0	4.7	4.5	4.9	-0.1	-0.1	-0.1	Morii
RE-135	Castalia Mibu	1,193	1,134	315	1,440	1,450	10	5.0	4.8	5.2	4.9	4.7	5.1	-0.1	-0.1	-0.1	JREI
RE-136	Castalia Tsutsujigaoka	1,208	1,173	526	1,660	1,700	40	5.1	4.9	5.3	5.0	4.8	5.2	-0.1	-0.1	-0.1	Morii
RE-137	Castalia Ohori Bay Tower	2,910	2,716	1,093	3,750	3,810	60	5.3	5.1	5.5	5.2	5.0	5.4	-0.1	-0.1	-0.1	Morii
RE-138	Royal Parks Namba	2,830	2,628	341	2,930	2,970	40	5.6	5.5/5.9	—	5.5	5.4/5.8	—	-0.1	-0.1	—	Daiwa
RE-139	Castalia Shigahondori	1,730	1,647	432	2,070	2,080	10	5.1	4.9	5.3	5.0	4.8	5.2	-0.1	-0.1	-0.1	JREI
RE-140	Castalia Kyoto Nishioji	973	1,030	29	1,040	1,060	20	4.8	4.6	5.0	4.7	4.5	4.9	-0.1	-0.1	-0.1	Morii
RE-141	Castalia Ningyocho III	2,000	2,031	268	2,250	2,300	50	4.3	4.1	4.5	4.2	4.0	4.4	-0.1	-0.1	-0.1	JREI
RE-142	Royal Parks Umejima	2,020	2,058	121	2,160	2,180	20	5.6	5.4/5.8	—	5.5	5.3/5.7	—	-0.1	-0.1	—	Morii
RE-143	Castalia Shinsakae II	1,800	1,880	59	1,850	1,940	90	5.1	4.9	5.3	5.0	4.8	5.2	-0.1	-0.1	-0.1	Daiwa
<b>Residential Properties Total</b>		<b>250,448</b>	<b>236,982</b>	<b>44,845</b>	<b>278,062</b>	<b>281,828</b>	<b>3,766</b>	—	—	—	—	—	—	—	—	—	—
RM-001	ACROSSMALL Shinkamagaya	7,770	7,662	287	7,810	7,950	140	5.9	5.6	6.1	5.8	5.5	6.0	-0.1	-0.1	-0.1	JREI
RM-002	FOLEO Hirakata	4,580	4,518	61	4,580	4,580	0	6.2	5.7	6.3	6.2	5.7	6.3	0.0	0.0	0.0	JREI
RM-003	QiZ GATE URAWA	4,270	4,292	57	4,270	4,350	80	5.5	5.1	5.6	5.4	5.0	5.5	-0.1	-0.1	-0.1	JREI
RM-004	UNICUS Takasaki	3,000	2,977	42	3,020	3,020	0	6.4	6.1	6.6	6.4	6.1	6.6	0.0	0.0	0.0	JREI
RM-005	ACROSSPLAZA Miyoshi (Land)	3,740	3,740	100	3,800	3,840	40	—	4.5	—	—	4.4	—	—	-0.1	—	Tanizawa
RM-006	DREAM TOWN ALI	8,100	8,026	243	8,100	8,270	170	5.9	5.7	6.2	5.8	5.6	6.1	-0.1	-0.1	-0.1	JREI
RM-007	ASOBOX (Land)	1,600	1,617	212	1,830	1,830	0	—	5.0	—	—	5.0	—	—	0.0	—	JREI
RM-008	FOLEO Ome Imai	3,800	3,823	26	3,850	3,850	0	5.2	4.7	5.5	5.2	4.7	5.5	0.0	0.0	0.0	JREI

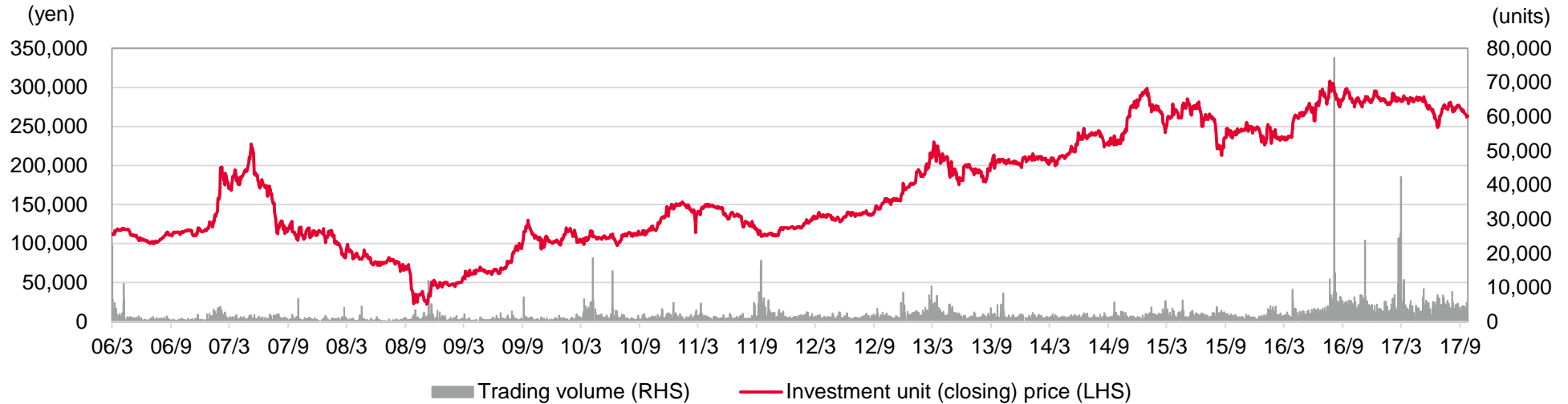
# Appraisal Value Changes Comparison (7)

Property number	Property name	Acquisition price	Book value Aug. 2017	Unrealized gain (loss)	(mil yen)			(%)									Appraiser (Note 2)
					Appraisal value (Note 1)			Feb. 2017			Aug. 2017			Change			
					Feb. 2017	Aug. 2017	Change	Direct cap	DCF		Direct cap	DCF		Direct cap	DCF		
								CR	DR	TCR	CR	DR	TCR	CR	DR	TCR	
RR-001	LIFE Sagamihara Wakamatsu	1,670	1,664	55	1,690	1,720	30	5.1	4.7	5.2	5.0	4.6	5.1	-0.1	-0.1	-0.1	JREI
RR-002	FOLEO Sendai Miyanomori	6,960	6,917	242	7,040	7,160	120	5.9	5.6	6.1	5.8	5.5	6.0	-0.1	-0.1	-0.1	JREI
RR-003	ACROSSPLAZA Inazawa (Land)	2,390	2,390	50	2,410	2,440	30	—	5.4	—	—	5.3	—	—	-0.1	—	JREI
RR-004	Sports Depo and GOLF5 Kokurahigashi IC Store	2,230	2,218	121	2,300	2,340	40	6.3	6.3/6.4	6.5	6.2	6.3	6.4	-0.1	-0.1	-0.1	Tanizawa
RR-005	Hiratsuka Retail Property (Land)	5,620	5,857	772	6,630	6,630	0	—	4.0	—	—	4.0	—	—	0.0	—	Tanizawa
<b>Retail Properties Total</b>		<b>55,730</b>	<b>55,705</b>	<b>2,274</b>	<b>57,330</b>	<b>57,980</b>	<b>650</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
OT-001	Urban Living Inage	930	884	415	1,280	1,300	20	5.3	5.1	5.5	5.2	5.0	5.4	-0.1	-0.1	-0.1	Daiwa
OT-002	Aburatsubo Marina HILLS	1,100	1,096	193	1,260	1,290	30	6.1	5.9	6.3	6.0	5.8	6.2	-0.1	-0.1	-0.1	JREI
OT-003	Naha Shin-Toshin Center Building (Daiwa Roynet Hotel Naha-Omoromachi)	7,600	7,532	307	7,710	7,840	130	5.7	5.5	5.9	5.6	5.4	5.8	-0.1	-0.1	-0.1	Daiwa
OT-004	Sharp Hiroshima Building	1,850	1,861	48	1,890	1,910	20	5.5	5.3	5.7	5.4	5.2	5.6	-0.1	-0.1	-0.1	JREI
<b>Other Assets Total</b>		<b>11,480</b>	<b>11,376</b>	<b>963</b>	<b>12,140</b>	<b>12,340</b>	<b>200</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Portfolio Total</b>		<b>577,777</b>	<b>563,013</b>	<b>59,410</b>	<b>612,380</b>	<b>622,424</b>	<b>10,044</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>

(Note 1) For the 17 properties acquired in the period ended Aug. 2017 (LB-035, LB-036, LB-037, LB-038, LB-039, LB-040, LB-041, LB-042, LB-043, LB-044, LB-045, LB-046, LM-001, RE-143, RM-007, RM-008 and OT-004), "Appraisal value" as of the period ended Feb. 2017 is based on the appraisal value at the time of acquisition.

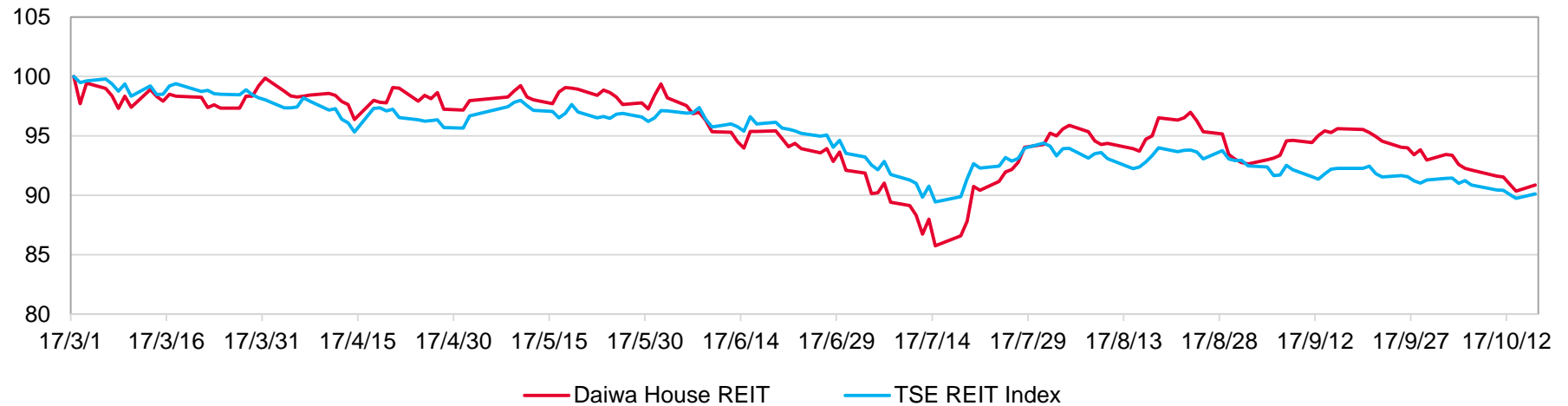
(Note 2) "Tanizawa": The Tanizawa Sogo Appraisal Co., Ltd., "Chuo": Chuo Real Estate Appraisal Co., Ltd., "JREI": Japan Real Estate Institute, "Daiwa": Daiwa Real Estate Appraisal Co., Ltd., "Morii": Morii Appraisal & Investment Consulting Inc.

## // Unit Price and Trading Volume



(Note) Adjusted to take into account two-for-one unit splits effective as of March 1, 2013 and March 1, 2015.

## // Relative Unit Price Performance



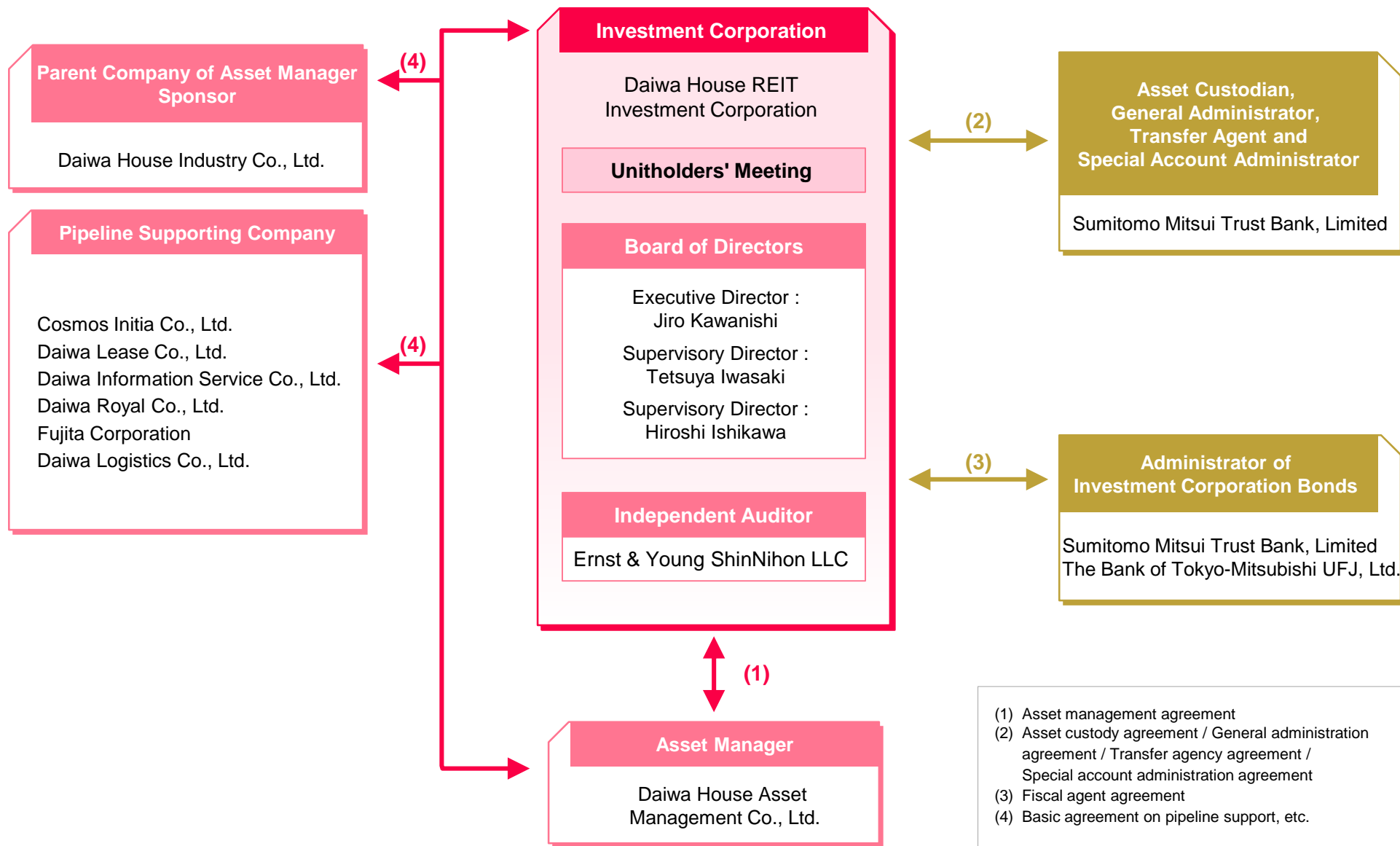
(Note) Indexed with the March 1, 2017 (start of the period ended Aug. 2017) closing prices of DHR's unit and TSE REIT Index.

## // Number of Unitholders and Units by Unitholder Type

Unitholder type	Period ended Feb. 2017				Period ended Aug. 2017			
	Number of unitholders		Number of units		Number of unitholders		Number of units	
	Unitholders	(%)	Units	(%)	Unitholders	(%)	Units	(%)
Individuals and others	10,077	92.9	77,264	5.1	12,901	93.6	87,612	5.2
Financial institutions	141	1.3	917,313	60.4	172	1.2	968,209	57.3
Banks / trust banks	63	0.6	823,499	54.2	63	0.5	861,496	51.0
City banks	—	—	—	—	—	—	—	—
Regional banks	48	0.4	130,805	8.6	48	0.3	138,250	8.2
Trust banks	15	0.1	692,694	45.6	15	0.1	723,246	42.8
Life insurance companies	7	0.1	31,950	2.1	9	0.1	36,465	2.2
Non-life insurance companies	3	0.0	23,395	1.5	2	0.0	23,180	1.4
Other financial institutions	68	0.6	38,469	2.5	98	0.7	47,068	2.8
Shinkin banks	45	0.4	22,374	1.5	55	0.4	24,398	1.4
Others	23	0.2	16,095	1.1	43	0.3	22,670	1.3
Other domestic corporations	232	2.1	199,103	13.1	278	2.0	216,993	12.8
Foreign corporations and individuals	382	3.5	293,557	19.3	410	3.0	386,135	22.8
Securities firms	19	0.2	32,043	2.1	18	0.1	31,051	1.8
<b>Total</b>	<b>10,851</b>	<b>100.0</b>	<b>1,519,280</b>	<b>100.0</b>	<b>13,779</b>	<b>100.0</b>	<b>1,690,000</b>	<b>100.0</b>

## // Major Unitholders

Name	Period ended Aug. 2017	
	Number of units owned	Ownership (%)
Japan Trustee Services Bank, Ltd. (Trust Account)	329,674	19.5
Daiwa House Industry Co., Ltd.	185,200	11.0
The Master Trust Bank of Japan, Ltd. (Trust Account)	175,277	10.4
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	108,475	6.4
The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	57,760	3.4
State Street Bank West Client - Treaty 505234	30,343	1.8
State Street Bank - West Pension Fund Clients - Exempt 505233	29,809	1.8
State Street Bank and Trust Company 505012	25,162	1.5
Nomura Bank (Luxembourg) S.A.	23,112	1.4
The Fuji Fire and Marine Insurance Co., Ltd.	21,236	1.3
<b>Total</b>	<b>986,048</b>	<b>58.3</b>





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