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## REIT Financial Report for the 26th Fiscal Period

January 21, 2019

Name of REIT Issuer:	Daiwa Office Investment Corporation	Stock Exchange Listing: TSE
Stock Code No.:	8976	URL: <a href="http://www.daiwa-office.co.jp">http://www.daiwa-office.co.jp</a>
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Scheduled date of submission of periodic securities report ( <i>yuka shoken hokokusho</i> ):	February 20, 2019
Scheduled date of start of distribution payments:	February 15, 2019

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

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

### 1. Status of Management and Assets for the 26th Fiscal Period

26th Fiscal Period: Fiscal period ended November 2018 (from June 1, 2018 to November 30, 2018)

#### (1) Management

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

	Operating revenue		Operating income		Ordinary income		Net income	
26th Period	¥13,193 million	(1.8%)	¥6,535 million	(2.1%)	¥5,902 million	0.2%	¥5,901 million	0.2%
25th Period	¥13,440 million	5.5%	¥6,678 million	8.1%	¥5,888 million	7.9%	¥5,887 million	7.9%

	Net income per unit	Net income to unitholders' equity	Ordinary income to total assets	Ordinary income to operating revenue
26th Period	¥11,997	2.3%	1.2%	44.7%
25th Period	¥11,882	2.3%	1.2%	43.8%

(Note) Net income per unit is calculated using the following average number of investment units during the period:  
26th Fiscal Period: 491,877 units; 25th Fiscal Period: 495,505 units

#### (2) Distributions

	Distribution amount per unit (excluding distribution amount in excess of earnings)	Total distribution amount (excluding distribution amount in excess of earnings)	Distribution amount in excess of earnings per unit	Total distribution amount in excess of earnings	Dividend payout	Distribution amount to net assets
26th Period	¥11,997	¥5,901 million	¥0	¥- million	100.0%	2.3%
25th Period	¥11,150	¥5,484 million	¥0	¥- million	93.2%	2.2%

(Note) Distribution amount per unit for the 25th Fiscal Period is calculated by dividing the amount obtained by deducting provision of reserve for reduction entry (¥403 million) from unappropriated retained earnings by the total number of investment units issued and outstanding. The main difference between distribution amount per unit and net income per unit is due to the calculation. As acquisition and cancellation of own investment units were carried out, dividend payout for the 25th Fiscal Period is obtained by using the following calculation formula, rounded to one decimal place.  
Dividend payout = Total distribution amount (excluding distribution amount in excess of earnings) / Net income x 100

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### (3) Financial Position

	Total assets	Net assets	Unitholders' equity to total assets	Net assets per unit
26th Period	¥479,212 million	¥254,124 million	53.0%	¥516,641
25th Period	¥467,040 million	¥253,676 million	54.3%	¥515,730

### (4) Cash Flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
26th Period	¥7,612 million	(¥20,888 million)	¥4,515 million	¥23,310 million
25th Period	¥77,961 million	(¥37,368 million)	(¥24,480 million)	¥32,070 million

## 2. Management Status Forecasts for the 27th Fiscal Period and 28th Fiscal Period

27th Fiscal Period: Fiscal period ending May 2019 (from December 1, 2018 to May 31, 2019)

28th Fiscal Period: Fiscal period ending November 2019 (from June 1, 2019 to November 30, 2019)

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

	Operating revenue		Operating income		Ordinary income		Net income	
27th Period	¥13,679 million	3.7%	¥6,858 million	4.9%	¥6,195 million	5.0%	¥6,193 million	5.0%
28th Period	¥13,550 million	(0.9%)	¥6,774 million	(1.2%)	¥6,101 million	(1.5%)	¥6,099 million	(1.5%)

	Distribution amount per unit (excluding distribution amount in excess of earnings)	Distribution amount in excess of earnings per unit
27th Period	¥12,300	¥0
28th Period	¥12,400	¥0

(Reference) Estimated net income per unit for the 27th Fiscal Period: ¥12,591; 28th Fiscal Period: ¥12,400

(Note) Distribution amount per unit for the 27th Fiscal Period is calculated based on the assumption that the amount for reserve for reduction entry (¥143 million) deducted from net income will be distributed.

## 3. Other

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

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

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

- (i) Total number of investment units issued and outstanding at end of period (including treasury units):  
26th Fiscal Period: 491,877 units                      25th Fiscal Period: 491,877 units
- (ii) Total number of treasury units at end of period:  
26th Fiscal Period:                      – units                      25th Fiscal Period:                      – units

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

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

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

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

The forecast figures are forward-looking statements based on information currently available to Daiwa Office Investment Corporation and involve uncertainties. Accordingly, the actual operating revenue, operating income, ordinary income, net income and distribution amount per unit may vary due to changes in the status. In addition, the forecast is not a guarantee of the distribution amount. For details on the assumptions underlying the forecast figures above, please refer to “Assumptions for the Management Status Forecasts for the 27th Fiscal Period and 28th Fiscal Period” on page 10.

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## 1. Affiliated Juridical Persons of the Investment Corporation

Disclosure is omitted because there are no significant changes from the “Structure of the Investment Corporation” set out in the most recent periodic securities report (*yuka shoken hokokusho*) (submitted on August 17, 2018).

## 2. Management Policy and Management Status

### 2.1. Management Policy

Disclosure is omitted because there are no significant changes from the “Investment Policy,” “Investment Target” and “Distribution Policy” set out in the most recent periodic securities report (*yuka shoken hokokusho*) (submitted on August 17, 2018) as of date of this document.

Partial amendments to the Articles of Incorporation regarding asset management fees to the asset manager which were resolved at the 10th General Meeting of Unitholders held on August 20, 2018 took effect on December 1, 2018.

[Asset Management Fees to the Asset Manager]

In order to focus on management results and shift to an asset management fee system that improves the incentive for raising distributable amount, Management Fee I (based on assets under management), which was linked to the Investment Corporation’s cumulative acquisition price, was made to link to the total appraisal value of asset under management and the fee rate was lowered from 0.1% to 0.05%, while at the same time the fee rate of Management Fee III (based on distributable amount), which is linked to distributable amount, was raised from 2.0% to 3.5%.

### 2.2. Management Status

#### 2.2.1. Overview of the Fiscal Period under Review

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

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

Though initial assets under management were 79,573 million yen (sum total of acquisition price), subsequent activities, such as additional acquisition of properties and replacement of portfolio properties, resulted in the assets under management amounting to 459,736 million yen as of the last day of November 2018.

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

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

###### a. Investment Environment (from June 2018 to November 2018)

The Japanese economy during the fiscal period under review saw real GDP growth rate (Second Preliminary Estimates) for July to September 2018 at an annual rate of -2.5%, falling after a temporary standstill in the recovery trend that had continued for eight consecutive quarters under the ongoing quantitative/qualitative monetary easing policy by the Bank of Japan.

In the office building leasing market in central Tokyo, with new supply having settled down, the vacancy rate took a turn after peaking in June 2013, dropping to 1.98% at the end of November 2018. Led by improvement in the vacancy rate for existing large buildings, the overall vacancy rate that includes small- to medium-sized buildings also continues to be on an improving trend. The drop in the vacancy rate has led to an increase in office rent in some areas, and the market as a whole continues to see increase in rent, albeit slight.

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

###### b. Management Performance

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

Concerning external growth, the Investment Corporation acquired “Prime Kanda Building” (acquisition price: 2,295 million yen in total) in June and November 2018, “Kita-Shinagawa Gotenyama Building” (acquisition price: 2,500 million yen) in September 2018 and “Sasazuka NA Building” (acquisition price: 15,500 million yen) in October 2018. As a result, the Investment Corporation’s assets under management as of the end of the 26th Fiscal Period (November 30, 2018) totaled 58 properties, the sum total of acquisition prices of which amounted to 459,736 million yen.

Concerning internal growth, while the office leasing market remained strong, the Investment Corporation conducted proactive leasing, such as capturing needs for floor expansion within the same property through strengthening relationships with existing tenants and reinforcing collaboration with leasing brokers and property managers. Consequently, the occupancy rate as of the end of the 26th Fiscal Period (November 30, 2018) was 98.9%.

### C. Overview of Capital Procurement

#### a. Procurement of Capital for the Acquisition of New Properties Repayment of Borrowings

In the 26th Fiscal Period, the Investment Corporation made the following borrowings to fund the acquisition of new properties and the repayment of borrowings.

- The Investment Corporation took out loans of 1,000 million yen from Tokio Marine & Nichido Fire Insurance Co., Ltd. on July 31, 2018 to fund the repayment of loans of 1,000 million yen borrowed from the company which were due for repayment on the same day.
- The Investment Corporation took out loans of 4,500 million yen in total from The Bank of Fukuoka, Ltd., Kansai Urban Banking Corporation and Development Bank of Japan Inc. on August 31, 2018 to fund the repayment of 4,500 million yen in total borrowed from the same banks that was due for repayment on the same day.
- The Investment Corporation took out loans of 10,000 million yen in total from Mizuho Trust and Banking Co., Ltd., Sumitomo Mitsui Banking Corporation, MUFG Bank, Ltd., Mizuho Bank, Ltd. and Sumitomo Mitsui Trust Bank, Ltd. on October 30, 2018 to fund the acquisition of a new property (Sasazuka NA Building) acquired on the same day.

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

As a result of the above, the balance of interest-bearing liabilities outstanding as of the end of the 26th Fiscal Period (November 30, 2018) stood at 198,950 million yen in total (long-term loans payable: 193,850 million yen; investment corporation bonds: 5,100 million yen). The balance of the current portion of long-term loans payable stood at 18,000 million yen while that of investment corporation bonds stood at 3,000 million yen.

The average remaining period of interest-bearing liabilities as of the end of the 26th Fiscal Period stands at 4.2 years.

#### List of Borrowings in the 26th Fiscal Period

Lender	Loan amount (million yen)	Drawdown date	Repayment date	Loan period
Tokio Marine & Nichido Fire Insurance Co., Ltd.	1,000	2018/7/31	2023/7/31	5.0 years
The Bank of Fukuoka, Ltd.	2,000	2018/8/31	2027/8/31	9.0 years
Kansai Urban Banking Corporation	1,500	2018/8/31	2025/8/31	7.0 years
Development Bank of Japan Inc.	1,000	2018/8/31	2027/8/31	9.0 years
Mizuho Trust and Banking Co., Ltd.	4,000	2018/10/30	2027/10/29	9.0 years
Sumitomo Mitsui Banking Corporation	3,000	2018/10/30	2027/10/29	9.0 years
MUFG Bank, Ltd.	1,000	2018/10/30	2027/10/29	9.0 years
Mizuho Bank, Ltd.	1,000	2018/10/30	2027/10/29	9.0 years
Sumitomo Mitsui Trust Bank, Ltd.	1,000	2018/10/30	2026/10/30	8.0 years

Balance of Borrowings from Each Financial Institution (as of November 30, 2018)

Lender	End of the 26th Fiscal Period (million yen)	Share (%) (Note)
Sumitomo Mitsui Banking Corporation	39,400	20.32
Sumitomo Mitsui Trust Bank, Limited	23,500	12.12
Development Bank of Japan Inc.	21,750	11.22
MUFG Bank, Ltd.	21,500	11.09
Mizuho Bank, Ltd.	19,400	10.01
Shinsei Bank, Ltd.	14,000	7.22
Resona Bank, Ltd.	12,500	6.45
Mizuho Trust and Banking Co., Ltd.	9,500	4.90
The Bank of Fukuoka, Ltd.	5,500	2.84
Kansai Urban Banking Corporation	5,000	2.58
Aozora Bank, Ltd.	3,000	1.55
The Nishi-Nippon City Bank Limited	3,000	1.55
The Gunma Bank, Ltd.	2,500	1.29
The 77 Bank, Ltd.	2,000	1.03
The Musashino Bank, Ltd.	2,000	1.03
Tokio Marine & Nichido Fire Insurance Co., Ltd.	2,000	1.03
The Yamaguchi Bank, Ltd.	2,000	1.03
ORIX Bank Corporation	1,500	0.77
Nippon Life Insurance Company	1,300	0.67
The Kagawa Bank, Ltd.	1,000	0.52
The Higashi-Nippon Bank, Limited	1,000	0.52
Taiyo Life Insurance Company	300	0.15
Fukoku Mutual Life Insurance Company	200	0.10
Total	193,850	100.00

(Note) Share is rounded to two decimal places.

c. Rating Information (as of November 30, 2018)

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

D. Overview of Financial Performance and Distributions

As a result of the management described above, the Investment Corporation posted financial performance for the 26th Fiscal Period of 13,193 million yen in operating revenue, 6,535 million yen in operating income, 5,902 million yen in ordinary income and 5,901 million yen in net income.

Concerning distributions, it is planned that the amount equivalent to distributions from earnings would be included in the amount of tax-deductible expenses based on application of special provisions for taxation of corporation tax (Article 67-15 of the Act on Special Measures Concerning Taxation (Act No. 26 of 1957; including amendments thereto) (the "Special Taxation Measures Act")). Accordingly, the Investment Corporation decided to distribute almost the entire amount of unappropriated retained earnings (excluding fractions of the distribution amount per unit that are less than 1 yen), and declared a distribution amount per unit of 11,997 yen.

## 2.2.2. Outlook for the Next Fiscal Period

### A. Investment Environment

The Japanese economy going forward was expected to continue to expand backed by solid trends in personal spending against the backdrop of a favorable employment environment and the improved income environment while the monetary easing policy implemented by Bank of Japan continued. However, the pace of growth has stalled due to factors which will slow export, such as the ending of inventory accumulation in Japan and the U.S. and ECB's announcement of plans to scale down quantitative easing. In addition, factors such as policies set out by the U.S. President Donald Trump, the downward swing of the Chinese economy, deterioration of European economy, rise of crude oil price, stricter overtime work regulations and consumption tax hike scheduled for October 2019 may slow down the Japanese economy, and are thus thought to require attention.

In the Tokyo office building leasing market, factors such as improvement in employment are stimulating demand, resulting in the vacancy rate dropping. Improvement in corporate performance is forecasted to increase demand for office floor space and rent is expected to continue rising moderately as a consequence. In the office building transaction market, backed by the favorable financing environment, among other factors, the property acquisition appetite among investors overseas, real estate companies and funds (including J-REITs) is thought to remain strong.

### B. Future Management Policy and Tasks

#### a. Strategy for Managing Existing Properties

While office leasing market conditions remain strong, large-scale relocations to new buildings for consolidation, etc. have become noticeable. Therefore, the Investment Corporation intends to improve its skill in building management by constantly attempting to grasp the latest tenant needs and market conditions, regularly reviewing management systems and such in order to be able to promptly respond when secondary or tertiary vacancies, etc. arise. Consequently, the Investment Corporation will carry out operational management under the following policy with an aim to enhance the competitiveness of existing properties and thereby increase the long-term EPS over the medium to long term.

##### (i) Maintain and raise occupancy rates

Concerning existing tenants, strive to reduce cancellation risks by improving the quality of buildings, equipment and management system. In addition, concerning new tenants, strive to maintain and raise occupancy rates through the provision of highly satisfactory services from gaining deeper understanding of tenant needs through proactive participation in the market.

##### (ii) Maintain and raise profitability

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

##### (iii) Lower operational management costs

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

#### b. Strategy for New Property Investments

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

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

Furthermore, in the 26th Fiscal Period, the Investment Corporation acquired "Prime Kanda Building," "Kita-Shinagawa Gotenyama Building" and "Sasazuka NA Building" located in Tokyo. The Investment Corporation believes that acquisition of these properties will contribute to further stabilization and enhancement of the portfolio. The Investment Corporation will continue to strive to acquire properties in line with the investment strategy described above.

#### c. Financial Strategy

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

(i) Control leverage by keeping the ratio of interest-bearing liabilities to total assets (LTV) within the range of 40% to 50% at maximum, taking into consideration also the LTV, etc. based on appraisal value, as a principle.

(ii) Diversify repayment deadlines, targeting 30.0 billion yen as the maximum amount of interest-bearing liabilities that shall become due during any single fiscal period as a principle.

(iii) Aim to have long-term loans account for at least 70% of balance of loans as a principle.

(iv) Achieve diversification of lenders, which shall mainly be Japanese financial institutions.

(v) Pursuant to its fund management rules, maintain stability in its financial standing by managing necessary funds, such as the amount equivalent to distributions paid, separately from working capital.

C. Significant Subsequent Events

a. Acquisition of Assets

The Investment Corporation acquired trust beneficial interest in real estate on December 27, 2018 as follows.

Summary of Asset Acquired

Property name	Sasazuka South Building
Type of asset	Trust beneficial interest in domestic real estate (Note 1)
Location	1-64-8 Sasazuka, Shibuya-ku, Tokyo
Acquisition Price	3,000 million yen (excluding associated acquisition costs, consumption tax, etc.)
Date of conclusion of purchase agreement	December 19, 2018
Date of delivery	December 27, 2018
Seller	Not disclosed (Note 2)

(Note 1) Trust beneficial interest in real estate of the Property is divided into two: (1) compartmentalized ownership of the 1st to 7th floors and (2) compartmentalized ownership of the 8th floor.

(Note 2) Both sellers are domestic special purpose companies which have not agreed to disclose their names.

b. Borrowing of Funds

The Investment Corporation borrowed funds on December 27, 2018 as below. The funds were borrowed to provide for the acquisition of the new property listed above in “a. Acquisition of Assets,” etc.

Detail of Borrowings

Lender	Loan Amount (million yen)	Interest Rate	Borrowing Date	Borrowing/ Repayment Method	Repayment Date
Sumitomo Mitsui Banking Corporation	3,000	JBA 1-month Japanese Yen TIBOR+0.25% (Note)	December 27, 2018	Unsecured Repayment in lump sum	December 27, 2019

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



D. Outlook for Management Status

The Investment Corporation forecasts the following management status for the 27th Fiscal Period (fiscal period ending May 2019 (from December 1, 2018 to May 31, 2019)). For the assumptions underlying the management status forecasts, please refer to the “Assumptions for the Management Status Forecasts for the 27th Fiscal Period and 28th Fiscal Period” on page 10.

27th Fiscal Period (fiscal period ending May 2019 (from December 1, 2018 to May 31, 2019))

Operating revenue	13,679 million yen
Operating income	6,858 million yen
Ordinary income	6,195 million yen
Net income	6,193 million yen
Distribution amount per unit	12,300 yen
Distribution amount in excess of earnings per unit	0 yen

In addition, on the basis that the “Assumptions for the Management Status Forecasts for the 27th Fiscal Period and 28th Fiscal Period” will remain unchanged, the Investment Corporation forecasts the following management status for the 28th Fiscal Period (fiscal period ending November 2019 (from June 1, 2019 to November 30, 2019)).

28th Fiscal Period (fiscal period ending November 2019 (from June 1, 2019 to November 30, 2019))

Operating revenue	13,550 million yen
Operating income	6,774 million yen
Ordinary income	6,101 million yen
Net income	6,099 million yen
Distribution amount per unit	12,400 yen
Distribution amount in excess of earnings per unit	0 yen

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

Assumptions for the Management Status Forecasts for the 27th Fiscal Period and 28th Fiscal Period

Item	Assumptions
Assets under management	<ul style="list-style-type: none"> <li>• 27th Fiscal Period: Assets under management are assumed to be the 58 properties owned as of November 30, 2018, plus the 1 property (Sasazuka South Building) acquired in December 2018, to total 59 properties; minus the number of properties expected to be divested (not determined at this time but properties expected to be divested during the 27th Fiscal Period).</li> <li>• 28th Fiscal Period: Assets under management are assumed to be the properties mentioned above.</li> <li>• The actual number of properties may vary due to changes in the assets under management other than above.</li> </ul>
Operating revenue	<ul style="list-style-type: none"> <li>• Rent revenue from existing properties is calculated based on historical data and taking into account variable factors.</li> <li>• 143 million yen of gain on sale from real estate properties from the divestment of existing properties is expected in the 27th Fiscal Period.</li> </ul>
Operating expenses	<ul style="list-style-type: none"> <li>• Expenses related to rent business, which constitute a major component of operating expenses, are calculated based on historical data and taking into account variable factors.</li> <li>• Repair expenses for buildings are recorded as expenses in the amount expected to be necessary in the respective fiscal period based on the medium to long term repair plan established by the Asset Manager.</li> <li>• Operating income from property leasing (excluding gain on sale from real estate properties) after deducting expenses related to rent business (including depreciation) is expected to be 8,090 million yen in the 27th Fiscal Period and 8,125 million yen in the 28th Fiscal Period.</li> <li>• Consignment expenses are expected to be 938 million yen in the 27th Fiscal Period and 896 million yen in the 28th Fiscal Period.</li> <li>• Taxes and dues (fixed property tax, city planning tax, etc.) are expected to be 1,041 million yen in the 27th Fiscal Period and 1,127 million yen in the 28th Fiscal Period.</li> <li>• While, in general, fixed property tax, city planning tax, etc. in the transaction of real estate, etc. are calculated on a pro rata basis and reimbursed at the time of acquisition with the current owner, but for the Investment Corporation, the amount equivalent to the reimbursement is included in the cost of acquisition and thus it is not recognized as expenses in the period of acquisition of properties. As such, fixed property tax, city planning tax, etc. for properties acquired will be recorded as expenses starting from the fiscal year following the acquisition year.</li> <li>• Depreciation is expected to be 1,791 million yen in the 27th Fiscal Period and 1,787 million yen in the 28th Fiscal Period.</li> </ul>
Non-operating expenses	<ul style="list-style-type: none"> <li>• Non-operating expenses in the 27th Fiscal Period are expected to be 663 million yen, of which the interest expenses, interest expenses on investment corporation bonds, and borrowing related expenses are expected to be 658 million yen.</li> <li>• Non-operating expenses in the 28th Fiscal Period are expected to be 672 million yen, of which the interest expenses, interest expenses on investment corporation bonds, and borrowing related expenses are expected to be 667 million yen.</li> </ul>
Interest-bearing liabilities	<ul style="list-style-type: none"> <li>• The total amount of interest-bearing liabilities is assumed to be 201,950 million yen at the end of the 27th Fiscal Period and 201,950 million yen at the end of the 28th Fiscal Period</li> <li>• In the 27th Fiscal Period, 3,000 million yen was newly borrowed on December 27, 2018 to fund the acquisition of “Sasazuka South Building” announced on December 19, 2018. It is assumed that the entire amount of borrowings due for repayment on February 28, 2019 (2,500 million yen), March 29, 2019 (6,000 million yen) and May 31, 2019 (1,500 million yen) will be refinanced.</li> <li>• In the 28th Fiscal Period, it is assumed that the entire amount of borrowings due for repayment on August 30, 2019 (2,500 million yen), September 30, 2019 (2,000 million yen) and November 29, 2019 (3,500 million yen) will be refinanced. In addition, it is assumed that 3,000 million yen of investment corporation bonds will be newly issued to redeem the same amount of investment corporation bonds due for redemption on September 12, 2019.</li> </ul>
Total number of investment units issued and outstanding	<ul style="list-style-type: none"> <li>• The total number of investment units issued and outstanding is assumed to be 491,877 units as of November 30, 2018.</li> <li>• It is assumed that there are no changes to the number of investment units other than stated above until the end of the 28th Fiscal Period through the issuance of new investment units, etc.</li> </ul>
Distribution amount per unit	<ul style="list-style-type: none"> <li>• The distribution amount per unit is calculated based on the cash distribution policy as set out in the articles of incorporation of the Investment Corporation.</li> <li>• Part of the gain on sale from the divestments of portfolio properties expected for the 27th Fiscal Period is assumed to be retained as internal reserves with the application of “Special Provisions for Taxation in Cases of Repurchase of Specified Assets” (Article 65-7 of the Act on Special Measures Concerning Taxation) and expected to be retained as reserve for reduction entry (143 million yen).</li> <li>• The distribution amount per unit may vary depending on a variety of factors, such as changes in the assets under management, changes in the rent revenue due to tenant changes and other causes, and incurrence of unforeseen repairs.</li> </ul>

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

### 2.3. Investment Risks

Disclosure is omitted because there are no significant changes from the “Part I: Fund Information; Section 1: Fund Status; 3. Investment Risks” set out in the most recent periodic securities report (*yuka shoken hokokusho*) (submitted on August 17, 2018).

### 3. Financial Statements

#### 3.1. Balance Sheets

	(Unit: thousand yen)	
	25th Fiscal Period [As of May 31, 2018]	26th Fiscal Period [As of Nov. 2018]
<b>Assets</b>		
Current assets		
Cash and deposits	28,687,859	19,008,711
Cash and deposits in trust	3,383,052	4,301,854
Operating accounts receivable	180,947	201,341
Income taxes receivable	16,267	-
Consumption taxes receivable	-	314,284
Prepaid expenses	338,534	336,925
Other	36,817	40,287
<b>Total current assets</b>	<b>32,643,479</b>	<b>24,203,404</b>
Noncurrent assets		
Property, plant and equipment		
Buildings	3,260,320	3,261,447
Accumulated depreciation	(2,148,056)	(2,231,615)
Buildings, net	1,112,264	1,029,832
Structures	14,344	14,344
Accumulated depreciation	(5,691)	(6,152)
Structures, net	8,652	8,191
Tools, furniture and fixtures	19,917	19,917
Accumulated depreciation	(8,805)	(9,943)
Tools, furniture and fixtures, net	11,111	9,974
Land	12,302,226	12,302,226
Construction in progress	3,687	2,997
Buildings in trust	100,613,702	105,205,800
Accumulated depreciation	(20,611,255)	(22,206,438)
Buildings in trust, net	*1 80,002,446	*1 82,999,361
Structures in trust	722,262	743,077
Accumulated depreciation	(159,378)	(170,150)
Structures in trust, net	562,883	572,927
Machinery and equipment in trust	765,971	859,534
Accumulated depreciation	(378,845)	(408,262)
Machinery and equipment in trust, net	387,125	451,272
Tools, furniture and fixtures in trust	228,474	259,118
Accumulated depreciation	(117,569)	(131,315)
Tools, furniture and fixtures in trust, net	110,904	127,803
Land in trust	335,174,786	353,252,550
Construction in progress in trust	821,310	422,487
<b>Total property, plant and equipment</b>	<b>430,497,400</b>	<b>451,179,623</b>
Intangible assets		
Right of trademark	378	324
Leasehold rights	2,398,275	2,398,275
Leasehold rights in trust	306,884	306,884
Other	24,679	23,464
<b>Total intangible assets</b>	<b>2,730,218</b>	<b>2,728,949</b>

(Unit: thousand yen)

	25th Fiscal Period [As of May 31, 2018]	26th Fiscal Period [As of Nov. 2018]
Investments and other assets		
Investment securities	113,684	113,684
Long-term prepaid expenses	903,806	884,452
Deferred tax assets	40,494	26,088
Derivatives	83,268	51,628
Other	10,020	10,040
Total investments and other assets	1,151,274	1,085,894
Total noncurrent assets	434,378,893	454,994,467
Deferred assets		
Investment corporation bonds issuance costs	17,651	14,696
Total deferred assets	17,651	14,696
Total assets	467,040,024	479,212,568
Liabilities		
Current liabilities		
Operating accounts payable	872,092	1,255,722
Current portion of investment corporation bonds	-	3,000,000
Current portion of long-term loans payable	15,500,000	18,000,000
Accounts payable – other	534,701	583,518
Income taxes payable	655	990
Accrued consumption taxes	296,361	122,292
Advances received	2,073,799	2,177,690
Other	524,627	656,351
Total current liabilities	19,802,238	25,796,564
Noncurrent liabilities		
Investment corporation bonds	5,100,000	2,100,000
Long-term loans payable	168,350,000	175,850,000
Tenant leasehold and security deposits	17,709,854	18,145,584
Tenant leasehold and security deposits in trust	1,792,654	2,647,046
Derivatives liabilities	434,526	349,866
Other	174,578	199,227
Total noncurrent liabilities	193,561,614	199,291,724
Total liabilities	213,363,852	225,088,289
Net Assets		
Unitholders' equity		
Unitholders' capital	251,551,759	251,551,759
Deduction from unitholders' capital	*2 (3,675,523)	*2 (3,675,523)
Unitholders' capital, net	247,876,236	247,876,236
Surplus		
Voluntary retained earnings		
Reserve for reduction entry	164,162	567,422
Total voluntary retained earnings	164,162	567,422
Unappropriated retained earnings (undisposed loss)	5,887,688	5,901,266
Total surplus	6,051,850	6,468,688
Total unitholders' equity	253,928,086	254,344,924
Valuation and translation adjustments		
Deferred gains or losses on hedges	(251,915)	(220,645)
Total valuation and translation adjustments	(251,915)	(220,645)
Total net assets	*3 253,676,171	*3 254,124,279
Total liabilities and net assets	467,040,024	479,212,568

### 3.2. Statements of Income

(Unit: thousand yen)

	25th Fiscal Period [From: Dec. 1, 2017 To: May 31, 2018]		26th Fiscal Period [From: June 1, 2018 To: Nov. 30, 2018]	
Operating revenue				
Rent revenue – real estate	*1	12,868,665	*1	13,164,114
Other lease business revenue	*1	41,409	*1	29,733
Gain on sales of real estate properties	*2	481,733		-
Dividend income		48,820		-
Total operating revenue		13,440,629		13,193,848
Operating expenses				
Expenses related to rent business	*1	5,410,175	*1	5,344,992
Asset management fees		1,064,807		1,068,779
Asset custody fees		24,796		23,424
Administrative service fees		76,500		79,327
Trust fees		19,738		18,307
Directors' compensation		7,200		7,200
Other operating expenses		158,669		116,304
Total operating expenses		6,761,887		6,658,336
Operating income		6,678,741		6,535,512
Non-operating income				
Interest income		9		28
Reversal of distribution payable		697		721
Insurance income		137,418		2,323
Miscellaneous income		898		86
Total non-operating income		139,024		3,160
Non-operating expenses				
Interest expenses		542,083		482,148
Interest expenses on investment corporation bonds		16,892		16,707
Borrowing expenses		144,081		133,108
Loss on fire		125,588		-
Other		100,879		4,458
Total non-operating expenses		929,524		636,423
Ordinary income		5,888,241		5,902,249
Income before income taxes		5,888,241		5,902,249
Income taxes – current		774		993
Income taxes – deferred		5		(10)
Total income taxes		780		982
Net income		5,887,460		5,901,266
Retained earnings brought forward		227		-
Unappropriated retained earnings (undisposed loss)		5,887,688		5,901,266

### 3.3. Statements of Unitholders' Equity

25th Fiscal Period (from December 1, 2017 to May 31, 2018)

(Unit: thousand yen)

	Unitholders' equity						
	Unitholders' capital			Surplus			
	Unitholders' capital	Deduction from unitholders' capital	Unitholders' capital, net	Voluntary retained earnings		Unappropriated retained earnings (undisposed loss)	Total Surplus
				Reserve for reduction entry	Total voluntary retained earnings		
Balance at beginning of current fiscal period	251,551,759	—	251,551,759	164,162	164,162	5,455,377	5,619,540
Changes of items during the period							
Dividends from surplus						(5,455,150)	(5,455,150)
Net income						5,887,460	5,887,460
Acquisition of own investment units							
Cancellation of own investment units		(3,675,523)	(3,675,523)				
Net changes of items other than shareholders' equity							
Total changes of items during the period	—	(3,675,523)	(3,675,523)	—	—	432,310	432,310
Balance at end of current fiscal period	251,551,759	(3,675,523)	247,876,236	164,162	164,162	5,887,688	6,051,850

	Unitholders' equity		Total valuation and translation adjustments		Total net assets
	Own investment units	Total unitholders' equity	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at beginning of current fiscal period	—	257,171,299	(375,211)	(375,211)	256,796,087
Changes of items during the period					
Dividends from surplus		(5,455,150)			(5,455,150)
Net income		5,887,460			5,887,460
Acquisition of own investment units	(3,675,523)	(3,675,523)			(3,675,523)
Cancellation of own investment units	3,675,523	—			—
Net changes of items other than shareholders' equity			123,296	123,296	123,296
Total changes of items during the period	—	(3,243,213)	123,296	123,296	(3,119,917)
Balance at end of current fiscal period	—	253,928,086	(251,915)	(251,915)	253,676,171

## 26th Fiscal Period (from June 1, 2018 to November 30, 2018)

(Unit: thousand yen)

	Unitholders' equity						
	Unitholders' capital			Surplus			
	Unitholders' capital	Deduction from unitholders' capital	Unitholders' capital, net	Voluntary retained earnings		Unappropriated retained earnings (undisposed loss)	Total Surplus
				Reserve for reduction entry	Total voluntary retained earnings		
Balance at beginning of current fiscal period	251,551,759	(3,675,523)	247,876,236	164,162	164,162	5,887,688	6,051,850
Changes of items during the period							
Provision of reserve for reduction entry				403,259	403,259	(403,259)	-
Dividends from surplus						(5,484,428)	(5,484,428)
Net income						5,901,266	5,901,266
Net changes of items other than shareholders' equity							
Total changes of items during the period	-	-	-	403,259	403,259	13,578	416,837
Balance at end of current fiscal period	251,551,759	(3,675,523)	247,876,236	567,422	567,422	5,901,266	6,468,688

	Unitholders' equity	Total valuation and translation adjustments		Total net assets
	Total unitholders' equity	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at beginning of current fiscal period	253,928,086	(251,915)	(251,915)	253,676,171
Changes of items during the period				
Provision of reserve for reduction entry	-			-
Dividends from surplus	(5,484,428)			(5,484,428)
Net income	5,901,266			5,901,266
Net changes of items other than shareholders' equity		31,270	31,270	31,270
Total changes of items during the period	416,837	31,270	31,270	448,107
Balance at end of current fiscal period	254,344,924	(220,645)	(220,645)	254,124,279



### 3.4. Statements of Cash Distributions

Item	25th Fiscal Period [From: Dec. 1, 2017 To: May 31, 2018]	26th Fiscal Period [From: June 1, 2018 To: Nov. 30, 2018]
	Amount (yen)	Amount (yen)
I. Unappropriated retained earnings	5,887,688,126	5,901,266,172
II. Distribution amount [Distribution amount per unit]	5,484,428,550 (11,150)	5,901,048,369 (11,997)
III. Voluntary retained earnings Provision of reserve for reduction entry	403,259,576	-
IV. Retained earnings carried forward	-	217,803
Method for calculating distribution amount	<p>Pursuant to the policy that “the Investment Corporation shall distribute an amount in excess of the amount equivalent to 90% of its distributable earnings as defined in Article 67-15 of the Act on Special Measures Concerning Taxation” but no more than the amount of earnings as specified in Article 32, Item 1 of the Investment Corporation’s articles of incorporation, the Investment Corporation decided the distributions from earnings that it shall pay out shall be the maximum value of the integral multiple of the total number of units issued and outstanding (491,877 units) in an amount that is not in excess of the remaining amount obtained after deducting provision of reserve for reduction entry defined in Article 66-2 of the Special Taxation Measures Act from unappropriated retained earnings. Accordingly, the Investment Corporation declared a distribution amount of 5,484,428,550 yen. Furthermore, the Investment Corporation shall not distribute cash in excess of earnings as stipulated in Article 32, Item 2 of its articles of incorporation.</p>	<p>Pursuant to the policy that “the Investment Corporation shall distribute an amount in excess of the amount equivalent to 90% of its distributable earnings as defined in Article 67-15 of the Act on Special Measures Concerning Taxation” but no more than the amount of earnings as specified in Article 32, Item 1 of the Investment Corporation’s articles of incorporation, the Investment Corporation decided the distributions from earnings that it shall pay out shall be the maximum value of the integral multiple of the total number of units issued and outstanding (491,877 units) in an amount that is not in excess of unappropriated retained earnings. Accordingly, the Investment Corporation declared a distribution amount of 5,901,048,369 yen. Furthermore, the Investment Corporation shall not distribute cash in excess of earnings as stipulated in Article 32, Item 2 of its articles of incorporation.</p>

### 3.5. Statements of Cash Flows

(Unit: thousand yen)

	25th Fiscal Period [From: Dec. 1, 2017 To: May 31, 2018]	26th Fiscal Period [From: June 1, 2018 To: Nov. 30, 2018]
Net cash provided by (used in) operating activities		
Income before income taxes	5,888,241	5,902,249
Depreciation and amortization	1,775,614	1,738,044
Amortization of investment corporation bonds issuance costs	2,938	2,954
Interest income	(9)	(28)
Interest expenses	558,975	498,856
(Increase) Decrease in operating accounts receivable	41,314	(20,393)
Decrease (increase) in accounts receivable - other	(2,214)	2,214
(Increase) Decrease in consumption taxes refund receivable	—	(314,284)
(Increase) Decrease in prepaid expenses	5,857	1,609
Increase (decrease) in operating accounts payable	(27,529)	158,324
Increase (decrease) in accounts payable – other	8,045	14,386
Increase (decrease) in accrued consumption taxes	39,403	(174,068)
Increase (decrease) in advances received	27,551	103,890
(Increase) Decrease in long-term prepaid expenses	99,013	19,354
Decrease from sales of property, plant and equipment in trust	69,827,449	—
Other, net	293,398	162,814
Subtotal	78,538,048	8,095,920
Interest income received	9	28
Interest expenses paid	(558,883)	(498,948)
Income taxes paid	(17,257)	15,608
Net cash provided by (used in) operating activities	77,961,917	7,612,610
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(7,835)	(801)
Purchase of property, plant and equipment in trust	(43,357,161)	(22,175,382)
Purchase of intangible assets	—	(2,500)
Proceeds from withdrawal of investment securities	3,951,142	—
Proceeds from tenant security deposits	2,835,391	1,013,828
Proceeds from tenant security deposits in trust	1,562,855	924,173
Repayments of tenant security deposits	(2,246,747)	(639,121)
Repayments of tenant security deposits in trust	(106,455)	(8,759)
Net cash provided by (used in) investing activities	(37,368,810)	(20,888,563)
Net cash provided by (used in) financing activities		
Proceeds from short-term loans payable	39,000,000	—
Repayment of short-term loans payable	(41,000,000)	—
Proceeds from long-term loans payable	6,000,000	15,500,000
Repayment of long-term loans payable	(19,350,000)	(5,500,000)
Purchase of own investment units	(3,675,523)	—
Dividends paid	(5,455,151)	(5,484,393)
Net cash provided by (used in) financing activities	(24,480,674)	4,515,606
Net increase (decrease) in cash and cash equivalents	16,112,432	(8,760,346)
Cash and cash equivalents at beginning of period	15,958,479	32,070,911
Cash and cash equivalents at end of period	*1 32,070,911	*1 23,310,565

3.6. Notes to the Going Concern  
Not applicable.

3.7. Notes to Significant Accounting Policies

<p>1. Accumulated depreciation method for noncurrent assets</p>	<p>(1) Property, plant and equipment (including trust assets) The straight-line method is adopted. The useful life of primary property, plant and equipment are as follows: Buildings 2~64 years Structures 10~56 years Machinery and equipment 7~23 years Tools, furniture and fixtures 5~15 years</p> <p>(2) Intangible assets The straight-line method is adopted.</p> <p>(3) Long-term prepaid expenses The straight-line method is adopted.</p>
<p>2. Accounting policies for deferred assets</p>	<p>Investment corporation bonds issuance costs Amortized using the straight-line method over the period up to redemption.</p>
<p>3. Accounting standards for recording revenues and expenses</p>	<p>Accounting for fixed property tax, etc. Concerning fixed property tax, city planning tax, depreciated asset tax, etc. for owned real estate in trust, of the tax amount that has been broken down into installments, the method of accounting for the amount corresponding to the concerned fiscal period as expenses related to rent business is adopted. Concerning the amount equivalent to fixed property tax, etc. for the initial fiscal year that shall be borne by the Investment Corporation in correlation with acquisitions of real estate or trust beneficial interest that have real estate as assets in trust, the amount is not expensed but is rather included in the cost of acquisition of the concerned real estate property. The amount equivalent to fixed property tax, etc. that was included in the cost of acquisition of real estate properties is 126,300 thousand yen in the 25th Fiscal Period and 27,275 thousand yen in the 26th Fiscal Period.</p>
<p>4. Hedge accounting approaches</p>	<p>(1) Hedge accounting approach Deferral hedge accounting is adopted. Special accounting is adopted for interest rate swaps that meet the requirements for special accounting.</p> <p>(2) Hedging instruments and hedged items Hedging instruments: Interest rate swap transactions Hedged items: Interest on loans</p> <p>(3) Hedging policy The Investment Corporation conducts derivative transactions to hedge risks stipulated in the Investment Corporation's articles of incorporation in accordance with the Investment Corporation's risk management policy.</p> <p>(4) Method for assessing the effectiveness of hedging The effectiveness of hedging is assessed by the correlation between the change in aggregated amount of cash flow of the hedging instruments and the change in aggregated amount of cash flow of the hedged items. Interest rate swaps that meet the requirements for special accounting are omitted from assessment of the effectiveness.</p>
<p>5. Scope of funds in the statements of cash flows</p>	<p>The funds (cash and cash equivalents) in the statements of cash flows consist of cash on hand and cash in trust; deposits that can be withdrawn at any time and deposits in trust; and short-term investments with a maturity of 3 months or less from the date of acquisition, which are readily convertible to cash and bear only an insignificant risk of price fluctuation.</p>

6. Other significant matters forming basis for preparation of financial statements	<p>(1) Accounting method for trust beneficial interest in real estate, etc. Concerning owned trust beneficial interest that have real estate properties as assets in trust, all accounts of assets and liabilities within assets in trust as well as all accounts of revenues and expenses incurred from the assets in trust are recorded in the relevant account item of the balance sheets and statements of income. The following material items of the assets in trust recorded in the relevant account item are separately listed on the balance sheets.</p> <p>(i) Cash and deposits in trust (ii) Buildings in trust, structures in trust, machinery and equipment in trust, tools, furniture and fixtures in trust, land in trust and construction in progress in trust (iii) Leasehold rights in trust (iv) Lease and guarantee deposits in trust (v) Tenant leasehold and security deposits in trust</p> <p>(2) Accounting method for consumption taxes Consumption tax and local consumption tax are accounted for by the tax-exclusion method and consumption taxes that are not tax-deductible are expensed in the fiscal period under review. The consumption taxes relating to noncurrent assets, etc. that are not tax-deductible are amortized in equal installments over 5 years.</p>
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### 3.8. Notes to Changes in Presentation or Classification

With the application of “Partial Amendments to ‘Accounting Standard for Tax Effect Accounting’” (ASBJ Statement No. 28, February 16, 2018), etc. from the beginning of the 26th Fiscal Period, the method of presentation or classification has been changed to state deferred tax assets under investments and other assets and deferred tax liabilities under Noncurrent liabilities.

### 3.9. Notes to Financial Statements

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

[Notes to Balance Sheets]

#### \*1. Advanced depreciation amount for noncurrent assets acquired by government subsidies, etc.

	25th Fiscal Period [As of May 31, 2018]		26th Fiscal Period [As of November 30, 2018]
Buildings in trust	32,898 thousand yen	Buildings in trust	32,898 thousand yen

#### \*2. Status of cancellation of own investment units

	25th Fiscal Period [As of May 31, 2018]		26th Fiscal Period [As of November 30, 2018]
Total number of investment units cancelled	5,992 units		5,992 units
Total amount cancelled	3,675,523 thousand yen		3,675,523 thousand yen

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

	25th Fiscal Period [As of May 31, 2018]		26th Fiscal Period [As of November 30, 2018]
	50,000 thousand yen		50,000 thousand yen

[Notes to Statements of Income]

#### \*1. Breakdown of operating income (loss) from property leasing

	25th Fiscal Period [From: Dec. 1, 2017 To: May 31, 2018]	26th Fiscal Period [From: June 1, 2018 To: Nov. 30, 2018]
(Unit: thousand yen)		
A. Property leasing revenue		
Rent revenue – real estate	12,868,665	13,164,114
Other lease business revenue	41,409	29,733
Total property leasing revenue	12,910,074	13,193,848

B.	Property leasing expenses		
	Consignment expenses	962,222	928,207
	Utilities expenses	998,451	1,093,880
	Taxes and dues	1,108,572	1,041,948
	Non-life insurance expenses	14,249	14,085
	Repair expenses	505,704	472,933
	Depreciation	1,772,039	1,734,275
	Other lease business expenses	48,935	59,662
	Total property leasing expenses	5,410,175	5,344,992
C.	Operating income (loss) from property leasing [A – B]	7,499,899	7,848,856

\*2. Breakdown of gain (loss) on sales of real estate properties (Unit: thousand yen)  
25th Fiscal Period [From: December 1, 2017 To: May 31, 2018]

Daiwa Meieki

Proceeds from sales of real estate properties	8,301,326
Cost of sales of real estate properties	5,217,313
Other expenses on sales	124,549
Gain on sales of real estate properties	2,959,463

Shinjuku Maynds Tower (three-sevenths out of six-sevenths of co-ownership interest)

Proceeds from sales of real estate properties	62,500,000
Cost of sales of real estate properties	64,610,135
Other expenses on sales	367,594
Loss on sales of real estate properties	2,477,729

26th Fiscal Period [From: June 1, 2018 To: November 30, 2018]  
Not applicable.

[Notes to Statements of Unitholders' Equity]

	25th Fiscal Period [From: Dec. 1, 2017 To: May 31, 2018]	26th Fiscal Period [From: June 1, 2018 To: Nov. 30, 2018]
Total number of investment units authorized and number of investment units issued and outstanding		
Total number of investment units authorized	2,000,000 units	2,000,000 units
Total number of investment units issued and outstanding	491,877 units	491,877 units

[Notes to Statements of Cash Flows]

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

	(Unit: thousand yen)	
	25th Fiscal Period [From: Dec. 1, 2017 To: May 31, 2018]	26th Fiscal Period [From: June 1, 2018 To: Nov. 30, 2018]
Cash and deposits	28,687,859	19,008,711
Cash and deposits in trust	3,383,052	4,301,854
Cash and cash equivalents	32,070,911	23,310,565

[Notes to Financial Instruments]

(1) Matters Concerning Status of Financial Instruments

(a) Policy for financial instruments

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

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

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

Derivative transactions are limited to hedge operations which hedge against interest rate risks attributable to liabilities of the Investment Corporation.

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

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

Bank borrowings etc. with floating interest rates are exposed to interest rate risk and the risk is controlled by using derivative instruments (interest rate swap transaction) for some long-term borrowings to avoid interest rate rise and to fix interest expense.

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

Enforcement and management of derivative transactions are carried out in accordance with the provisions established by the basic policy of risk management. Tenant leasehold and security deposits and tenant leasehold and security deposits in trust are exposed to liquidity risk upon tenants moving out and the Investment Corporation reduces the risk by pooling funds to a certain degree.

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

(c) Supplementary explanation for fair value of financial instruments

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

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

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

25th Fiscal Period [As of May 31, 2018]

(Unit: thousand yen)

	Carrying amount	Fair value	Difference
(1) Cash and deposits	28,687,859	28,687,859	—
(2) Cash and deposits in trust	3,383,052	3,383,052	—
Total assets	32,070,911	32,070,911	—
(3) Current portion of long-term loans payable	15,500,000	15,510,391	10,391
(4) Investment corporation bonds	5,100,000	5,168,640	68,640
(5) Long-term loans payable	168,350,000	168,312,077	(37,922)
(6) Total liabilities	188,950,000	188,991,109	41,109
Derivative transactions (*)	(368,207)	(368,207)	—

26th Fiscal Period [As of November 30, 2018]

(Unit: thousand yen)

	Carrying amount	Fair value	Difference
(1) Cash and deposits	19,008,711	19,008,711	—
(2) Cash and deposits in trust	4,301,854	4,301,854	—
Total assets	23,310,565	23,310,565	—
(3) Current portion of investment corporation bonds	3,000,000	3,004,200	4,200
(4) Current portion of long-term loans payable	18,000,000	18,008,126	8,126
(5) Investment corporation bonds	2,100,000	2,158,380	58,380
(6) Long-term loans payable	175,850,000	175,820,891	(29,108)
Total liabilities	198,950,000	198,991,597	41,597
Derivative transactions (*)	(322,520)	(322,520)	—

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

(Note 1) Methods to estimate fair value of financial instruments and matters concerning derivative transactions.

Assets

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

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

Liabilities

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

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

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

(3) Current portion of investment corporation bonds; (5) Investment corporation bonds

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

### Derivative transactions

Please refer to [Notes to Derivative Transactions] below.

(Note 2) Carrying amount of financial products for which it is extremely difficult to estimate fair value

(Unit: thousand yen)

	25th Fiscal Period [As of May 31, 2018]	26th Fiscal Period [As of November 30, 2018]
Tenant leasehold and security deposits*	17,709,854	18,145,584
Tenant leasehold and security deposits in trust*	1,792,654	2,647,046
Total	19,502,509	20,792,630

(\*) Tenant leasehold and security deposits and tenant leasehold and security deposits in trust that are deposited by lessees of rental properties are not subject to disclosure of fair value because discerning of the fair value is recognized to be extremely difficult as future cash flows cannot be reasonably estimated due to there being no market price and difficulty in calculation of the actual deposit period, which is the period from tenants' move-ins to move-outs.

(Note 3) Redemption schedule for monetary claims due after the settlement of accounts.

25th Fiscal Period [As of May 31, 2018]

(Unit: thousand yen)

	Within 1 year	Within 2 years, but over 1 year	Within 3 years, but over 2 years	Within 4 years, but over 3 years	Within 5 years, but over 4 years	Over 5 years
Cash and deposits	28,687,859	—	—	—	—	—
Cash and deposits in trust	3,383,052	—	—	—	—	—
Total	32,070,911	—	—	—	—	—

26th Fiscal Period [As of November 30, 2018]

(Unit: thousand yen)

	Within 1 year	Within 2 years, but over 1 year	Within 3 years, but over 2 years	Within 4 years, but over 3 years	Within 5 years, but over 4 years	Over 5 years
Cash and deposits	19,008,711	—	—	—	—	—
Cash and deposits in trust	4,301,854	—	—	—	—	—
Total	23,310,565	—	—	—	—	—

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

25th Fiscal Period [As of May 31, 2018]

(Unit: thousand yen)

	Within 1 year	Within 2 years, but over 1 year	Within 3 years, but over 2 years	Within 4 years, but over 3 years	Within 5 years, but over 4 years	Over 5 years
Current portion of long-term loans payable	15,500,000	—	—	—	—	—
Investment corporation bonds	—	3,000,000	—	—	—	2,100,000
Long-term loans payable	—	19,500,000	33,300,000	21,500,000	30,600,000	63,450,000
Total	15,500,000	22,500,000	33,300,000	21,500,000	30,600,000	65,550,000

26th Fiscal Period [As of November 30, 2018]

(Unit: thousand yen)

	Within 1 year	Within 2 years, but over 1 year	Within 3 years, but over 2 years	Within 4 years, but over 3 years	Within 5 years, but over 4 years	Over 5 years
Current portion of investment corporation bonds	3,000,000	—	—	—	—	—
Current portion of long-term loans payable	18,000,000	—	—	—	—	—
Investment corporation bonds	—	—	—	—	—	2,100,000
Long-term loans payable	—	28,100,000	24,200,000	31,600,000	26,200,000	65,750,000
Total	21,000,000	28,100,000	24,200,000	31,600,000	26,200,000	67,850,000



[Notes to Derivative Transactions]

(1) Transactions for which hedge accounting is not applied

25th Fiscal Period [As of May 31, 2018]  
Not applicable.

26th Fiscal Period [As of November 30, 2018]  
Not applicable.

(2) Transactions for which hedge accounting is applied

25th Fiscal Period [As of May 31, 2018]

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

(Unit: thousand yen)

Hedge accounting approach	Type, etc. of derivative transaction	Main hedged item	Contract amount, etc.		Fair value	Method of calculation of that fair value
				Of which, over 1 year		
Principle accounting method	Interest rate swap transaction Fixed payable Floating receivable	Long-term loans payable	105,100,000	96,100,000	(368,207)	Based on price quoted by partner financial institution
Special accounting for interest rate swaps	Interest rate swap transaction Fixed payable Floating receivable	Long-term loans payable	4,500,000	2,000,000	(*)	—
Total			109,600,000	98,100,000	(368,207)	—

26th Fiscal Period [As of November 30, 2018]

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

(Unit: thousand yen)

Hedge accounting approach	Type, etc. of derivative transaction	Main hedged item	Contract amount, etc.		Fair value	Method of calculation of that fair value
				Of which, over 1 year		
Principle accounting method	Interest rate swap transaction Fixed payable Floating receivable	Long-term loans payable	102,100,000	90,100,000	(322,520)	Based on price quoted by partner financial institution
Special accounting for interest rate swaps	Interest rate swap transaction Fixed payable Floating receivable	Long-term loans payable	4,500,000	2,000,000	(*)	—
Total			106,600,000	92,100,000	(322,520)	—

(\*) Since the derivative financial instruments qualifying for the special accounting for interest rate swaps are accounted for as one transaction together with their hedged item, long-term loans payable, the fair value of these derivatives is included in that of related long-term loans payable. (Please refer to “Notes to Financial Instruments (2) Matters Concerning Fair Value, etc. of Financial Instruments (Note 1) Liabilities (4) (6)”).

[Notes to Transactions with Related Parties]

(1) Parent company and major corporate unitholders, etc.

25th Fiscal Period [From: December 1, 2017 To: May 31, 2018]

Not applicable.

26th Fiscal Period [From: June 1, 2018 To: November 30, 2018]

Not applicable.

(2) Affiliated companies, etc.

25th Fiscal Period [From: December 1, 2017 To: May 31, 2018]

Not applicable.

26th Fiscal Period [From: June 1, 2018 To: November 30, 2018]

Not applicable.

(3) Sister companies, etc.

25th Fiscal Period [From: December 1, 2017 To: May 31, 2018]

Category	Name of company, etc.	Location	Capital stock or investments in capital	Business description	Rate of voting rights, etc. held by related party (held in the Investment Corporation)	Relation with Related Parties	Nature of transaction	Transaction amount (thousand yen)	Account	Balance at end of period (thousand yen)
Subsidiary of Other affiliated company	Godo kaisha Yokohama Office Management	Chuo-ku, Tokyo	400,000 yen	Real estate business	—	Purchase of trust beneficial interest in real estate	Purchase of trust beneficial interest in real estate (Note 1, 2, 3)	38,100,000	—	—

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

(Note 1) Transaction terms and conditions were determined based on the market.

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

(Note 3) The real estate in trust pertaining to trust beneficial interest held by the Investment Corporation is quasi co-ownership equivalent to 75% of the entire CONCURRED Yokohama.

26th Fiscal Period [From: June 1, 2018 To: November 30, 2018]

Not applicable.

(4) Officers and major individual unitholders, etc.

25th Fiscal Period [From: December 1, 2017 To: May 31, 2018]

Not applicable.

26th Fiscal Period [From: June 1, 2018 To: November 30, 2018]

Not applicable.

[Notes to Investment and Rental Properties]

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

(Unit: thousand yen)

	25th Fiscal Period [From: Dec. 1, 2017 To: May 31, 2018]	26th Fiscal Period [From: June 1, 2018 To: Nov. 30, 2018]
Carrying amount		
Balance at beginning of period	459,753,017	432,377,563
Amount of increase (decrease) during period	(27,375,454)	21,081,736
Balance at end of period	432,377,563	453,459,299
Fair value at end of period	506,040,000	537,030,000

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

(Note 2) Of the amount of increase (decrease) for rental properties during the 25th Fiscal Period, the amount of increase is mainly attributable to acquisition of two properties (CONCURRED Yokohama and Daiwa Kanda East) (42,300 million yen) and the amount of decrease is mainly attributable to divestment of Daiwa Meieki Building and Shinjuku Maynds Tower (three-sevenths out of six-sevenths of co-ownership interest) (69,827 million yen) and depreciation (1,772 million yen). For the 26th Fiscal Period, the amount of increase is mainly attributable to acquisition of three properties (Prime Kanda Building, Kita-Shinagawa Gotenyama Building and Sasazuka NA Building) (20,295 million yen) and the amount of decrease is mainly attributable to depreciation (1,734 million yen).

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

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

[Notes to Segment Information, etc.]

(1) Segment Information

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

(2) Related Information

25th Fiscal Period [From: December 1, 2017 To: May 31, 2018]

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

26th Fiscal Period [From: June 1, 2018 To: November 30, 2018]

- ① Information about products and services  
Information about products and services has been omitted because net sales to external customers for one segment are in excess of 90% of the operating revenue on statements of income.
- ② Information about geographical areas
  - A. Net sales  
Information about net sales has been omitted because net sales to external customers in Japan are in excess of 90% of the operating revenue on statements of income.
  - B. Property, plant and equipment

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

③ Information about major customers

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

[Notes to Per Unit Information]

	25th Fiscal Period [From: Dec. 1, 2017 To: May 31, 2018]	26th Fiscal Period [From: June 1, 2018 To: Nov. 30, 2018]
Net assets per unit	515,730 yen	516,641 yen
Net income per unit	10,882 yen	11,997 yen

(Note 1) Net income per unit is calculated by dividing net income by the average number of investment units during the period. The diluted net income per unit is not stated as there are no diluted investment units.

(Note 2) The basis for calculating the net income per unit is as follows.

	25th Fiscal Period [From: Dec. 1, 2017 To: May 31, 2018]	26th Fiscal Period [From: June 1, 2018 To: Nov. 30, 2018]
Net income (thousand yen)	5,887,460	5,901,266
Amounts not attributable to common unitholders (thousand yen)	—	—
Net income attributable to common investment units (thousand yen)	5,887,460	5,901,266
Average number of investment units during the period (unit)	495,505	491,877

[Notes to Significant Subsequent Events]

1. Acquisition of Assets

The Investment Corporation acquired trust beneficial interest in real estate on December 27, 2018 as follows.

Summary of Asset Acquired

Property name	Sasazuka South Building
Type of asset	Trust beneficial interest in domestic real estate (Note 1)
Location	1-64-8 Sasazuka, Shibuya-ku, Tokyo
Acquisition Price	3,000 million yen (excluding associated acquisition costs, consumption tax, etc.)
Date of conclusion of purchase agreement	December 19, 2018
Date of delivery	December 27, 2018
Seller	Not disclosed (Note 2)

(Note 1) Trust beneficial interest in real estate of the Property is divided into two: (a) compartmentalized ownership of the 1st to 7th floors and (b) compartmentalized ownership of the 8th floor.

(Note 2) Both sellers are domestic special purpose companies which have not agreed to disclose their names

2. Borrowing of Funds

The Investment Corporation borrowed funds on December 27, 2018 as below. The funds were borrowed to provide for the acquisition of the new property listed above in “1. Acquisition of Assets,” etc.

Detail of Borrowings

Lender	Loan Amount (million yen)	Interest Rate	Borrowing Date	Borrowing/ Repayment Method	Repayment Date
Sumitomo Mitsui Banking Corporation	3,000	JBA 1-month Japanese Yen TIBOR+0.25% (Note)	December 27, 2018	Unsecured Repayment in lump sum	December 27, 2019

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

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

Since no capital increase, etc. were conducted in the 26th Fiscal Period, there is no change to unitholders' capital, etc.

The overview of capital increase in the most recent 5 years up to the end of the 26th Fiscal Period is as follows.

Payment date	Description	Number of investment units issued and outstanding (units)		Unitholders' capital (million yen)		Notes
		Increase (Decrease)	Balance	Increase (Decrease)	Balance	
July 2, 2014	Capital increase through public offering	41,092	436,890	18,522	217,303	(Note 1)
July 30, 2014	Capital increase by way of a third-party allotment	4,110	441,000	1,852	219,155	(Note 2)
June 1, 2015	Capital increase through public offering	41,045	482,045	23,145	242,301	(Note 3)
June 24, 2015	Capital increase by way of a third-party allotment	1,955	484,000	1,102	243,403	(Note 4)
August 2, 2016	Capital increase through public offering	12,700	496,700	7,461	250,864	(Note 5)
August 31, 2016	Capital increase by way of a third-party allotment	1,169	497,869	686	251,551	(Note 6)
May 31, 2018	Cancellation	(5,992)	491,877	(3,675)	247,876	(Note 7)

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

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

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

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

(Note 5) The Investment Corporation issued new investment units through public offering at an issue price of 607,425 yen per unit (paid-in price: 587,489 yen) to procure funds for repayment of borrowings, etc.

(Note 6) The Investment Corporation issued new investment units by way of a third-party allotment at an issue price of 587,489 yen per unit (paid-in price: 587,489 yen) to procure funds for repayment of borrowings, etc.

(Note 7) In the period from March 1, 2018 to May 18, 2018, the Investment Corporation acquired own investment units through market purchase at the Tokyo Stock Exchange based on a discretionary transaction agreement with a securities company. The Investment Corporation cancelled all of the acquired own investment units (5,992 units) on May 31, 2018 based on the resolution at its Board of Directors meeting held on May 28, 2018.

### 4. Changes in Directors

As to changes in Directors, timely disclosure is made when details of disclosure are determined.

## 5. Reference Information

## 5.1. Investment Status

Type of asset	Use	Region	26th Fiscal Period (As of November 30, 2018)	
			Total amount owned (million yen) (Note 1)	As a percentage of total assets (%)
Real estate	Office	Five Central Wards of Tokyo (Note 2)	15,748	3.3
Trust beneficial interest in real estate	Office	Five Central Wards of Tokyo	349,064	72.8
		Greater Tokyo (Note 3)	79,422	16.6
		Major Regional Cities (Note 4)	9,224	1.9
Total			453,459	94.6
Deposits and other assets			25,753	5.4
Total amount of assets (Note 5)			479,212	100.0
			[453,459]	[94.6]

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

(Note 2) The Five Central Wards of Tokyo are Chiyoda, Chuo, Minato, Shinjuku and Shibuya Wards.

(Note 3) Greater Tokyo is Tokyo, Kanagawa, Chiba and Saitama Prefectures (excluding the Five Central Wards of Tokyo).

(Note 4) Major Regional Cities are the Osaka metropolitan area (Osaka, Kyoto and Hyogo Prefectures), Nagoya metropolitan area (Aichi, Mie and Gifu Prefectures), and ordinance-designated cities and core cities set forth in the Local Autonomy Act.

(Note 5) The figures in parentheses [ ] under “Total amount of assets” shows the portion of the applicable asset that, in effect, corresponds to the holding of real estate properties. The amount of construction in progress (including construction in progress in trust) is not included in the amount of real estate and trust beneficial interest in real estate.

## 5.2. Investment Real Estate Properties (As of November 30, 2018)

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

Region	Property name	Type of specified asset	Acquisition price (million yen) (Note 1)	Carrying amount (million yen) (Note 2)	Estimated price at end of period (million yen) (Note 3)	Investment ratio (%) (Note 4)
Five Central Wards of Tokyo	Daiwa Ginza	Real estate	14,100	12,990	17,400	3.1
	Daiwa Ginza Annex		3,050	2,758	3,860	0.7
	Daiwa Shibaura	Trust beneficial interest in real estate	8,265	8,005	7,880	1.8
	Daiwa Minami-Aoyama		4,550	4,422	4,640	1.0
	Daiwa Sarugakucho		3,190	3,177	3,850	0.7
	Daiwa A Hamamatsucho (Note 5)		2,865	2,762	3,700	0.6
	Daiwa Jingumae		2,800	2,702	2,620	0.6
	Daiwa Shibadaimon		2,578	2,387	3,250	0.6
	Daiwa Misakicho		2,346	2,139	2,870	0.5
	Daiwa Shimbashi 510		2,080	2,134	2,530	0.5
	Daiwa Tsukijiekimae		1,560	1,286	2,000	0.3
	Daiwa Tsukiji		1,240	1,135	1,610	0.3
	Daiwa Tsukishima		7,840	6,830	10,500	1.7
	Daiwa Nihonbashi Horidomecho		2,520	2,450	2,750	0.5
	Daiwa Azabudai		1,600	1,510	1,940	0.3
	Daiwa Kyobashi		3,460	3,206	3,450	0.8
	Daiwa Kojimachi 4-chome		2,910	2,835	2,880	0.6
	Daiwa Onarimon		13,860	13,504	13,700	3.0
	Shinjuku Maynds Tower (Note 5)		66,900	64,354	63,000	14.6
	Daiwa SHIBUYA EDGE		5,900	5,642	5,210	1.3
	Daiwa Kodonmacho		2,460	2,364	2,230	0.5
	Daiwa Jimbocho		4,150	3,982	3,680	0.9
	Daiwa Nishi-Shimbashi		5,000	4,708	6,860	1.1
	Daiwa Kayabacho Building		5,600	5,231	8,190	1.2
	Daiwa Jimbocho 3-chome		3,550	3,353	5,220	0.8
	E SPACE TOWER		24,000	23,594	34,700	5.2
	Daiwa Nihonbashi Hongokucho		1,721	1,579	2,580	0.4
	shinyon curumu		9,650	9,649	15,900	2.1
	Daiwa Akasaka		9,200	10,296	15,000	2.0
	Daiwa Shibuya Miyamasuzaka		7,000	7,187	10,300	1.5
	Daiwa Azabu Terrace		14,000	14,033	17,200	3.0
	Daiwa Ebisu 4-chome		4,135	4,238	6,090	0.9
	LAQUAS Higashi Shinjuku		8,450	8,467	10,900	1.8
	Daiwa Aoyama		9,800	10,012	12,400	2.1
	Shinsen Place		4,800	4,877	6,720	1.0
	Glass City Shibuya		16,000	15,950	18,400	3.5
	Daiwa River Gate		28,000	27,932	31,700	6.1
	Daiwa Hatchobori ekimae		2,871	2,934	3,360	0.6
	Daiwa Hatchobori ekimae West	1,647	1,722	1,850	0.4	
	Daiwa Nishi-Shinjuku	13,710	14,004	15,900	3.0	
	Kirin Nihonbashi Building	8,180	8,415	8,290	1.8	
	Daiwa Higashi-nihonbashi	6,370	6,314	6,860	1.4	
	Square Daikanyama Building	2,280	2,377	3,370	0.5	
	Shinjuku West Building	942	980	1,210	0.2	
	Daiwa Kanda Mikura-cho Building	1,592	1,597	1,740	0.3	
	Daiwa Kanda East	4,200	4,303	5,340	0.9	
	Prime Kanda Building	2,295	2,381	2,710	0.5	
	Sasazuka NA Building	15,500	16,079	16,100	3.4	
Total for Five Central Wards of Tokyo (48 Properties)			370,717	364,813	434,440	80.6

Region	Property name	Type of specified asset	Acquisition price (million yen) (Note 1)	Carrying amount (million yen) (Note 2)	Estimated price at end of period (million yen) (Note 3)	Investment ratio (%) (Note 4)
Greater Tokyo	Daiwa Higashi-Ikebukuro	Trust beneficial interest in real estate	2,958	2,644	4,070	0.6
	Daiwa Shinagawa North		7,710	7,143	6,180	1.7
	Daiwa Osaki 3-chome		1,650	1,594	2,350	0.4
	Daiwa Kamiooka		2,000	1,893	2,830	0.4
	Integral Tower		15,220	15,832	21,500	3.3
	Daiwa Meguro Square		5,600	5,516	6,820	1.2
	Daiwa Ogikubo		3,800	3,989	4,610	0.8
	CONCURRED Yokohama (Note 5)		38,100	38,217	39,900	8.3
	Kita-Shinagawa Gotenyama Building		2,500	2,588	2,630	0.5
Total for Greater Tokyo (9 properties)			79,538	79,422	90,890	17.3
Major Regional Cities	Daiwa Kitahama	Trust beneficial interest in real estate	9,481	9,224	11,700	2.1
Total for Major Regional Cities (1 property)			9,481	9,224	11,700	2.1
Total (58 properties)			459,736	453,459	537,030	100.0

(Note 1) Acquisition price is excluding acquisition costs, fixed property tax, city planning tax, consumption tax and local consumption tax.

(Note 2) Carrying amount is the book value after depreciation as of November 30, 2018.

(Note 3) Estimated price at end of period is the price as of November 30, 2018 stated in appraisal reports prepared by real estate appraisers of Tanizawa Sogo Appraisal Co., Ltd., Daiwa Real Estate Appraisal Co., Ltd., JLL Morii Valuation & Advisory K.K. and Japan Real Estate Institute in accordance with the articles of incorporation of the Investment Corporation and the rules of The Investment Trusts Association, Japan.

(Note 4) Investment ratio is the acquisition price of each property expressed as a percentage of the total amount of acquisition prices, rounded to one decimal place.

(Note 5) For Daiwa A Hamamatsucho Building, Shinjuku Maynds Tower and CONCURRED Yokohama, the figures are those pertaining to the Investment Corporation's ownership interest.



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

Region	Property name	Structure and number of floors (Note 1)	Construction completion (Note 2)	Leasable floor area (m <sup>2</sup> ) (Note 3)	Leased floor area (m <sup>2</sup> ) (Note 4)	Total number of tenants (Note 5)	Occupancy rate (%) (Note 6)	Rent revenue during current period (thousand yen) (Note 7)
Five Central Wards of Tokyo	Daiwa Ginza	SRC B3 / 12F	July 1963	8,114.93	8,114.93	26	100.0	400,727
	Daiwa Ginza Annex	SRC B3 / 8F	Aug. 1972	2,032.11	2,032.11	7	100.0	96,374
	Daiwa Shibaura	SRC B1 / 12F	Oct. 1987	9,619.67	9,456.31	52	98.3	259,747
	Daiwa Minami-Aoyama	S / SRC B2 / 5F	Sept. 1990	2,715.54	2,715.54	5	100.0	124,760
	Daiwa Sarugakuchō (Note 8)	SRC 8F	June 1985	3,657.43	3,657.43	2	100.0	(Not disclosed)
	Daiwa A Hamamatsucho	SRC B2 / 10F	July 1993	3,663.38	3,663.38	12	100.0	133,551
	Daiwa Jingumae	RC B1 / 4F	Dec. 1997	2,198.61	1,726.65	4	78.5	65,739
	Daiwa Shibadaiimon	SRC / RC B1 / 7F	Nov. 1996	2,386.48	2,386.48	6	100.0	87,641
	Daiwa Misakicho (Note 8)	S 8F	July 1996	2,137.53	2,137.53	1	100.0	(Not disclosed)
	Daiwa Shimbashi 510	SRC B1 / 8F	Apr. 1974	2,595.76	2,595.76	7	100.0	77,239
	Daiwa Tsukijiekimae	SRC 10F	Jan. 1996	2,659.59	2,659.59	6	100.0	60,621
	Daiwa Tsukiji	SRC B1 / 7F	Jan. 1990	1,487.44	1,487.44	5	100.0	51,766
	Daiwa Tsukishima	S 5F	July 1996	8,425.69	8,425.69	4	100.0	281,985
	Daiwa Nihonbashi Horidomecho	SRC B2 / 7F	Apr. 1993	2,850.81	2,850.81	8	100.0	80,201
	Daiwa Azabudai	SRC B2 / 9F	Apr. 1984	1,697.88	1,697.88	11	100.0	52,039
	Daiwa Kyobashi	SRC B1 / 8F	Oct. 1974	3,265.83	3,265.83	10	100.0	104,723
	Daiwa Kojimachi 4-chome	SRC B2 / 9F	Oct. 1987	2,695.31	2,695.31	7	100.0	87,363
	Daiwa Onarimon	SRC 9F	Apr. 1973	11,614.92	11,189.69	7	96.3	355,291
	Shinjuku Maynds Tower (Note 9)	S / SRC B3 / 34F	Sept. 1995	22,754.54	22,738.41	40	99.9	1,324,664
	Daiwa SHIBUYA EDGE	RC B1 / 9F	Aug. 2006	2,480.65	2,480.65	5	100.0	128,849
	Daiwa Kodenmachi	SRC 8F	Mar. 1985	2,379.31	2,379.31	8	100.0	65,777
	Daiwa Jimbocho	S B1 / 8F	Mar. 1997	3,164.26	3,164.26	7	100.0	109,115
	Daiwa Nishi-Shimbashi	SRC B1 / 10F	July 1993	4,815.84	4,815.84	11	100.0	176,290
	Daiwa Kayabacho Building (Note 8)	S / SRC B1 / 8F	Apr. 2010	5,899.11	5,899.11	1	100.0	(Not disclosed)
	Daiwa Jimbocho 3-chome	S 9F	Feb. 2010	2,889.34	2,889.34	8	100.0	113,890
	E SPACE TOWER	S / SRC B1 / 15F	Oct. 2002	13,960.87	13,030.87	11	93.3	739,614
	Daiwa Nihonbashi Hongokuchō	S 8F	May 2010	2,143.08	2,143.08	5	100.0	71,583
	shinyon curumu	S / RC B2 / 11F	Jan. 2012	6,751.31	6,751.31	18	100.0	372,712
	Daiwa Akasaka	SRC B2 / 7F	Sept. 1990	8,747.39	8,747.39	17	100.0	351,389
	Daiwa Shibuya Miyamasuzaka	S B1 / 12F	Dec. 1988	6,328.94	6,328.94	8	100.0	264,939
	Daiwa Azabu Terrace	S / RC B1 / 6F	Sept. 2009	13,234.39	13,192.63	11	99.6	485,183
	Daiwa Ebisu 4-chome (Note 8)	SRC B1 / 9F	Dec. 1997	2,951.70	2,951.70	1	100.0	(Not disclosed)
LAQUAS Higashi Shinjuku	S 10F	Aug. 2010	7,498.33	7,498.33	4	100.0	234,120	

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Region	Property name	Structure and number of floors (Note 1)	Construction completion (Note 2)	Leasable floor area (m <sup>2</sup> ) (Note 3)	Leased floor area (m <sup>2</sup> ) (Note 4)	Total number of tenants (Note 5)	Occupancy rate (%) (Note 6)	Rent revenue during current period (thousand yen) (Note 7)
	Daiwa Aoyama	S / RC B1 / 7F	Nov. 2001	4,426.10	4,050.68	6	91.5	243,840
	Shinsen Place (Note 8)	RC B1 / 9F	Sept. 2001	2,811.35	2,811.35	1	100.0	(Not disclosed)
	Glass City Shibuya	S / SRC B1 / 11F	Feb. 2004	8,566.73	8,566.73	9	100.0	423,416
	Daiwa River Gate	S / SRC / RC B2 / 20F	Feb. 1994	32,055.85	31,845.09	91	99.3	1,064,809
	Daiwa Hatchobori ekimae	S / SRC B1 / 10F	Feb. 2006	2,622.42	2,622.42	9	100.0	83,426
	Daiwa Hatchobori ekimae West	SRC B1 / 9F	Feb. 1996	1,723.15	1,723.15	8	100.0	47,062
	Daiwa Nishi-Shinjuku	SRC / RC / S B2 / 11F	Aug. 1991	6,967.61	6,967.61	7	100.0	338,267
	Kirin Nihonbashi Building (Note 8)	S / SRC 7F	Feb. 1999	5,630.17	5,630.17	1	100.0	(Not disclosed)
	Daiwa Higashi-nihonbashi Building	S 7F	Mar. 2008	5,015.88	5,015.88	5	100.0	174,957
	Square Daikanyama Building (Note 8)	S 6F	Mar. 2001	1,588.35	1,588.35	1	100.0	(Not disclosed)
	Shinjuku West Building	RC 4F	Mar. 1989	1,120.58	1,110.49	8	99.0	38,454
	Daiwa Kanda Mikura-cho Building	SRC / S B1 / 7F	Jan. 1991	1,719.51	1,719.51	7	100.0	49,695
	Daiwa Kanda East	S 9F	Feb. 2005	3,980.56	3,980.56	5	100.0	127,965
	Prime Kanda Building	S / RC B1 / 10F	Aug. 1990	2,211.64	2,211.64	9	100.0	48,804
	Sasazuka NA Building	SRC / RC / S B2 / 18F	Feb. 1993	16,160.25	16,160.25	5	100.0	73,675
Total for Five Central Wards of Tokyo (48 properties)				276,418.12	273,773.41	507	99.0	10,420,502
Greater Tokyo	Daiwa Higashi-Ikebukuro	SRC / S B1 / 9F	June 1993	4,461.47	4,461.47	8	100.0	131,744
	Daiwa Shinagawa North	SRC B1 / 11F	July 1991	6,548.17	6,548.17	11	100.0	199,637
	Daiwa Osaki 3-chome	S / RC B1 / 6F	Sept. 2007	1,786.06	1,786.06	5	100.0	65,729
	Daiwa Kamiooka	S / SRC B3 / 7F	May 2011	2,630.30	2,630.30	9	100.0	93,196
	Integral Tower (Note 10)	S / SRC B2 / 18F	June 1993	17,778.14	17,778.14	9	100.0	644,854
	Daiwa Meguro Square	S / SRC B2 / 14F	July 2009	3,519.50	3,519.50	16	100.0	158,434
	Daiwa Ogikubo	SRC B1 / 7F	Nov. 1990	3,849.63	3,849.63	12	100.0	127,346
	CONCURRED Yokohama (Note 11)	S / SRC B1 / 20F	Feb. 2008	28,052.98	27,882.89	35	99.3	942,799
	Kita-Shinagawa Gotenyama Building	SRC / S 8F	July 1992	2,396.96	1,406.25	4	58.6	21,550
Total for Greater Tokyo (9 properties)				71,023.21	69,862.41	109	98.3	2,385,293
Major Regional Cities	Daiwa Kitahama	S / SRC B1 / 16F	Feb. 2008	13,517.62	13,517.62	8	100.0	358,318
Total for Major Regional Cities (1 property)				13,517.62	13,517.62	8	100.0	358,318
Total (58 properties)				360,958.95	357,153.44	624	98.9	13,164,114

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

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

(Note 3) “Leasable floor area” represents the floor area of the building of the applicable property that is leasable, not including the leasable area of the land (including level parking space), and is the floor area indicated in the lease contract, etc. as of November 30, 2018.

(Note 4) “Leased floor area” is the sum total of the floor area that is actually leased based on lease agreements, etc. executed with end-tenants as of November 30, 2018.

- (Note 5) “Total number of tenants” is the number of end-tenants. When there is a tenant occupying multiple buildings, the concerned tenant is counted and stated for each individual building.
- (Note 6) “Occupancy rate” is the figure arrived at when leased floor area is divided by leasable floor area, rounded down to one decimal place.
- (Note 7) “Rent revenue during current period” is rent income, common area charges income, parking lot income and other income generated from the applicable investment real estate property (excluding other lease business revenue) during the 26th Fiscal Period, rounded down to the nearest thousand yen.
- (Note 8) Not shown for such reasons as consent was not obtained from major tenants to disclose the rent revenue during current period for the properties.
- (Note 9) The real estate in trust pertaining to trust beneficial interest held by the Investment Corporation is the co-ownership interest corresponding to three-sevenths of the entire property. Accordingly, leasable floor area and leased floor area are the floor areas corresponding to three-sevenths of the entire building.
- (Note 10) The buildings consist of three registrations. Of these, the details of the major building are shown here.
- (Note 11) The real estate in trust pertaining to trust beneficial interest held by the Investment Corporation is the quasi co-ownership interest corresponding to 75% of the entire property. Accordingly, leasable floor area and leased floor area are the floor areas corresponding to 75% of the entire building.

## 5.2.3. Capital Expenditures for Assets under Management

## A. Scheduled Capital Expenditures for the 26th Fiscal Period

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

Name of real estate properties (Location)	Purpose	Scheduled implementation period	Expected construction amount (million yen)		
			Total amount	Amount paid during current period	Total amount already paid
Integral Tower (Suginami-ku, Tokyo)	Upgrading of air-conditioning system (West side)	From: Jun. 2018 To: Jul. 2019	986	277	-
Daiwa Shibuya Miyamasuzaka (Shibuya-ku, Tokyo)	Repair of exterior walls	From: Mar. 2018 To: Jan. 2019	256	-	19
Daiwa Higashi-Ikebukuro (Toshima-ku, Tokyo)	Repair of exterior walls	From: Feb. 2019 To: May 2019	50	-	-
Daiwa Kojimachi 4-chome (Chiyoda-ku, Tokyo)	Repair of exterior walls	From: Feb. 2019 To: May 2019	45	-	-
Daiwa A Hamamatsucho (Minato-ku, Tokyo)	Repair of exterior walls	From: Nov. 2018 To: May 2019	40	-	-

## B. Capital Expenditures during the 26th Fiscal Period

The following summarizes the primary construction work that constitutes capital expenditures implemented during the 26th Fiscal Period. Capital expenditures for the 26th Fiscal Period amounted to 1,738 million yen and, when combined with the 472 million yen in repair expenses charged to the 26th Fiscal Period expenses, totals 2,211 million yen in construction work were implemented.

Name of real estate properties (Location)	Purpose	Period	Construction amount paid (million yen)
Daiwa Akasaka (Minato-ku, Tokyo)	Upgrading of air-conditioning system	From: Nov. 2016 To: Jun. 2018	911
Daiwa Onarimon (Minato-ku, Tokyo)	Upgrading of air-conditioning system	From: Jun. 2018 To: Nov. 2018	186
Kirin Nihonbashi Building (Chuo-ku, Tokyo)	Upgrading of air-conditioning system	From: Jun. 2018 To: Nov. 2018	154
Other			485
Total			1,738

## C. Reserve Amount for Long-Term Repair Plans (Reserve for Repairs)

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

(Unit: million yen)

Fiscal period	22nd Fiscal Period	23rd Fiscal Period	24th Fiscal Period	25th Fiscal Period	26th Fiscal Period
	[From: June 1, 2016 To: Nov. 30, 2016]	[From: Dec. 1, 2016 To: May 31, 2017]	[From: June 1, 2017 To: Nov. 30, 2017]	[From: Dec. 1, 2017 To: May 31, 2018]	[From: June 1, 2018 To: Nov. 30, 2018]
Balance of reserve at beginning of current period	1,843	2,043	1,900	1,839	1,576
Amount of reserve in current period	524	84	1,417	—	476
Reversal of reserve in current period	324	227	1,478	263	423
Amount carried forward to next period	2,043	1,900	1,839	1,576	1,629

## 5.2.4. Summary of Estimated Price at End of Period (As of November 30, 2018)

Property name	Estimated price at end of period (million yen) (Note 1)	Summary of Appraisal Report				
		Direct capitalization method		DCF method		
		Price (million yen)	Cap rate (%)	Price (million yen)	Discount rate (%)	Terminal cap rate (%)
Daiwa Ginza	17,400	17,700	3.5	17,000	3.3	3.7
Daiwa Ginza Annex	3,860	3,850	3.5	3,860	3.3	3.7
Daiwa Shibaura	7,880	7,900	4.0	7,870	3.8	4.2
Daiwa Minami-Aoyama	4,640	4,690	3.8	4,580	3.6	4.0
Daiwa Sarugakucho	3,850	3,900	4.4	3,790	4.2	4.6
Daiwa A Hamamatsucho (Note 2)	3,700	3,760	3.7	3,670	3.5	3.9
Daiwa Jingumae	2,620	2,640	3.8	2,600	3.6	4.0
Daiwa Shibadaimon	3,250	3,320	3.6	3,220	3.4	3.8
Daiwa Misakicho	2,870	2,910	3.9	2,850	3.7	4.1
Daiwa Shimbashi 510	2,530	2,550	4.0	2,500	3.8	4.2
Daiwa Tsukijiekimae (Note 3)	2,000	2,010	4.2	2,000	4.2	4.4
Daiwa Tsukiji	1,610	1,610	4.1	1,610	4.1	4.3
Daiwa Tsukishima	10,500	10,600	4.1	10,400	3.8	4.3
Daiwa Nihonbashi Horidomecho	2,750	2,810	4.0	2,690	3.8	4.2
Daiwa Azabudai	1,940	1,970	3.9	1,900	3.7	4.1
Daiwa Kyobashi	3,450	3,500	4.0	3,400	3.8	4.2
Daiwa Kojimachi 4-chome	2,880	2,900	3.7	2,860	3.5	3.9
Daiwa Onarimon	13,700	14,000	3.8	13,400	3.6	4.0
Shinjuku Maynds Tower (Note 4)	63,000	150,000	3.2	144,000	3.0	3.4
Daiwa SHIBUYA EDGE	5,210	5,310	3.7	5,100	3.5	3.9
Daiwa Kodenmacho	2,230	2,240	4.2	2,220	4.0	4.4
Daiwa Jimbocho	3,680	3,690	3.9	3,670	3.9	4.1
Daiwa Nishi-Shimbashi	6,860	7,000	3.5	6,800	3.3	3.7
Daiwa Kayabacho Building	8,190	8,320	3.3	8,130	3.1	3.5
Daiwa Jimbocho 3-chome	5,220	5,360	3.3	5,160	3.1	3.5
E SPACE TOWER	34,700	35,400	3.2	33,900	3.0	3.4
Daiwa Nihonbashi Hongokucho	2,580	2,610	3.9	2,570	3.7	4.1
shinyon curumu	15,900	16,200	3.2	15,800	3.0	3.4
Daiwa Akasaka	15,000	15,300	3.2	14,900	3.0	3.4
Daiwa Shibuya Miyamasuzaka	10,300	10,400	3.5	10,100	3.3	3.7
Daiwa Azabu Terrace	17,200	17,500	3.7	16,900	3.5	3.9
Daiwa Ebisu 4-chome	6,090	6,020	3.7	6,120	3.8	3.9
LAQUAS Higashi Shinjuku	10,900	11,200	3.3	10,700	3.1	3.5
Daiwa Aoyama	12,400	12,700	3.2	12,200	3.0	3.4
Shinsen Place	6,720	6,830	3.3	6,670	3.2	3.5
Glass City Shibuya	18,400	18,600	3.5	18,100	3.2	3.6
Daiwa River Gate	31,700	31,800	3.9	31,500	3.6	4.0
Daiwa Hatchobori ekimae	3,360	3,490	3.5	3,310	3.3	3.7
Daiwa Hatchobori ekimae West	1,850	1,920	3.6	1,820	3.4	3.8
Daiwa Nishi-Shinjuku	15,900	16,500	3.3	15,700	3.1	3.5
Kirin Nihonbashi Building	8,290	8,440	3.9	8,130	3.6	4.0
Daiwa Higashi-nihonbashi Building	6,860	7,020	3.9	6,790	3.7	4.1
Square Daikanyama Building (Note 5)	3,370	3,460	3.4	3,330	3.4	3.6
Shinjuku West Building	1,210	1,220	3.8	1,200	3.6	4.0

Property name	Estimated price at end of period (million yen) (Note 1)	Summary of Appraisal Report				
		Direct capitalization method		DCF method		
		Price (million yen)	Cap rate (%)	Price (million yen)	Discount rate (%)	Terminal cap rate (%)
Daiwa Kanda Mikura-cho Building	1,740	1,750	4.0	1,740	4.0	4.2
Daiwa Kanda East	5,340	5,370	3.7	5,300	3.4	3.8
Prime Kanda Building	2,710	2,790	3.7	2,680	3.7	3.9
Sasazuka NA Building	16,100	16,800	3.9	15,800	3.7	4.1
Daiwa Higashi-Ikebukuro	4,070	4,130	4.1	4,040	3.9	4.3
Daiwa Shinagawa North	6,180	6,280	4.2	6,070	4.0	4.4
Daiwa Osaki 3-chome	2,350	2,370	3.8	2,340	3.6	4.0
Daiwa Kamiooka	2,830	2,850	4.5	2,820	4.3	4.7
Integral Tower	21,500	21,600	3.7	21,400	3.5	3.9
Daiwa Meguro Square	6,820	6,970	3.5	6,750	3.3	3.7
Daiwa Ogikubo	4,610	4,680	3.9	4,580	3.7	4.1
CONCURRED Yokohama (Note 6)	39,900	41,200	4.3	39,300	4.1	4.5
Kita-Shinagawa Gotenyama Building	2,630	2,710	4.0	2,600	3.8	4.2
Daiwa Kitahama	11,700	12,000	3.8	11,600	3.6	4.0
Total	537,030	632,650	-	612,040	-	-

(Note 1) “Estimated price at end of period” is the price as of November 30, 2018 stated in appraisal reports prepared by real estate appraisers of Tanizawa Sogo Appraisal Co., Ltd., Daiwa Real Estate Appraisal Co., Ltd., JLL Morii Valuation & Advisory K.K. and Japan Real Estate Institute in accordance with the articles of incorporation of the Investment Corporation and the rules of The Investment Trusts Association, Japan.

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

(Note 3) Discount rate for Daiwa Tsukijiekimae is the figure after the 2nd fiscal year (4.1% for the 1st fiscal year).

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

(Note 5) Discount rate for Square Daikanyama Building is the figure after the 11th fiscal year (3.5% up to the 10th fiscal year).

(Note 6) For CONCURRED Yokohama, Price indicates a price pertaining to the Investment Corporation’s ownership interest.

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

The following table lists the status of income (loss), etc. of each property for the 26th Fiscal Period (from June 1, 2018 to November 30, 2018). Income (loss) information is presented in accordance with “3. Financial Statements; 3.7. Notes to Significant Accounting Policies” outlined earlier.

Region		Five Central Wards of Tokyo				
Property name		Daiwa Ginza	Daiwa Ginza Annex	Daiwa Shibaura	Daiwa Minami- Aoyama	Daiwa Sarugakucho (Note 3)
Acquisition date		Oct. 2005	Oct. 2005	Oct. 2005	Oct. 2005	Oct. 2005
Price information	Acquisition price (million yen)	14,100	3,050	8,265	4,550	3,190
	Investment ratio (%)	3.1	0.7	1.8	1.0	0.7
	Carrying amount (million yen)	12,990	2,758	8,005	4,422	3,177
	Estimated price at end of period (million yen)	17,400	3,860	7,880	4,640	3,850
Leasing information	Total number of tenants (Note 1)	26	7	52	5	2
	Leasable floor area (m <sup>2</sup> )	8,114.93	2,032.11	9,619.67	2,715.54	3,657.43
	Leased floor area (m <sup>2</sup> )	8,114.93	2,032.11	9,456.31	2,715.54	3,657.43
	Occupancy rate (%)					
	End of Nov. 2016	94.9	100.0	97.6	100.0	100.0
	End of May 2017	96.9	100.0	90.3	100.0	100.0
	End of Nov. 2017	89.3	100.0	99.1	100.0	100.0
End of May 2018	95.0	100.0	99.1	84.8	100.0	
End of Nov. 2018	100.0	100.0	98.3	100.0	100.0	
Income (loss) information	Number of days of asset management	183	183	183	183	183
	Total property leasing revenue (A) (thousand yen)	400,727	96,374	261,440	124,760	(Not disclosed)
	Rent revenue – real estate	400,727	96,374	259,747	124,760	(Not disclosed)
	Other lease business revenue	—	—	1,693	—	(Not disclosed)
	Total property leasing expenses (B) (thousand yen)	169,145	49,342	92,207	46,508	(Not disclosed)
	Consignment expenses	18,692	7,153	15,966	7,937	(Not disclosed)
	Utilities expenses	29,614	7,513	20,181	8,115	(Not disclosed)
	Taxes and dues	29,743	9,755	20,495	12,479	(Not disclosed)
	Non-life insurance expenses	376	87	345	136	(Not disclosed)
	Repair expenses	2,686	14,560	5,367	3,352	(Not disclosed)
	Depreciation (C)	74,887	10,270	29,851	14,486	(Not disclosed)
	Other lease business expenses	13,144	—	—	—	(Not disclosed)
	Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen)	231,581	47,031	169,232	78,251	(Not disclosed)
NOI (E) [(D) + (C)] (thousand yen)	306,468	57,302	199,084	92,738	94,039	
Capital expenditures (F) (thousand yen)	211	914	20,606	11,192	376	
NCF [(E) – (F)] (thousand yen)	306,256	56,387	178,477	81,546	93,663	
Reference information	Expense rate (%) [(B) ÷ (A)]	42.21	51.20	35.27	37.28	(Not disclosed)
	Annual amount of fixed property tax, etc. for fiscal 2018 (thousand yen)	59,440	19,361	40,458	24,498	14,149
	Estimated long-term repair expenses (thousand yen) (Note 2)	346,060	86,510	347,210	185,215	171,199

Region		Five Central Wards of Tokyo				
Property name		Daiwa A Hamamatsucho	Daiwa Jingumae	Daiwa Shibadaimon	Daiwa Misakicho (Note 3)	Daiwa Shimbashi 510
Acquisition date		Oct. 2005	Oct. 2005	Oct. 2005	Oct. 2005	Oct. 2005
Price information	Acquisition price (million yen)	2,865	2,800	2,578	2,346	2,080
	Investment ratio (%)	0.6	0.6	0.6	0.5	0.5
	Carrying amount (million yen)	2,762	2,702	2,387	2,139	2,134
	Estimated price at end of period (million yen)	3,700	2,620	3,250	2,870	2,530
Leasing information	Total number of tenants (Note 1)	12	4	6	1	7
	Leasable floor area (m <sup>2</sup> )	3,663.38	2,198.61	2,386.48	2,137.53	2,595.76
	Leased floor area (m <sup>2</sup> )	3,663.38	1,726.65	2,386.48	2,137.53	2,595.76
	Occupancy rate (%)					
	End of Nov. 2016	100.0	100.0	100.0	100.0	99.6
	End of May 2017	100.0	100.0	100.0	100.0	99.6
	End of Nov. 2017	100.0	100.0	100.0	100.0	89.4
End of May 2018	100.0	100.0	100.0	100.0	100.0	
End of Nov. 2018	100.0	78.5	100.0	100.0	100.0	
Income (loss) information	Number of days of asset management	183	183	183	183	183
	Total property leasing revenue (A) (thousand yen)	133,551	65,739	87,641	(Not disclosed)	77,239
	Rent revenue – real estate	133,551	65,739	87,641	(Not disclosed)	77,239
	Other lease business revenue	–	–	–	(Not disclosed)	–
	Total property leasing expenses (B) (thousand yen)	75,934	28,934	32,304	(Not disclosed)	29,819
	Consignment expenses	10,282	7,456	6,972	(Not disclosed)	7,740
	Utilities expenses	9,320	4,776	7,021	(Not disclosed)	6,161
	Taxes and dues	9,049	6,736	6,567	(Not disclosed)	6,051
	Non-life insurance expenses	160	74	108	(Not disclosed)	111
	Repair expenses	2,594	649	712	(Not disclosed)	520
	Depreciation (C)	15,127	9,233	10,921	(Not disclosed)	9,234
	Other lease business expenses	29,400	7	–	(Not disclosed)	–
	Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen)	57,617	36,804	55,337	(Not disclosed)	47,419
NOI (E) [(D) + (C)] (thousand yen)	72,745	46,037	66,259	64,431	56,654	
Capital expenditures (F) (thousand yen)	–	450	–	–	2,115	
NCF [(E) – (F)] (thousand yen)	72,745	45,587	66,259	64,431	54,538	
Reference information	Expense rate (%) [(B) ÷ (A)]	56.86	44.01	36.86	(Not disclosed)	38.61
	Annual amount of fixed property tax, etc. for fiscal 2018 (thousand yen)	17,939	13,473	12,795	10,752	12,070
	Estimated long-term repair expenses (thousand yen) (Note 2)	100,430	117,930	150,927	182,856	169,555



Region		Five Central Wards of Tokyo				
Property name		Daiwa Tsukijiekimae	Daiwa Tsukiji	Daiwa Tsukishima	Daiwa Nihonbashi Horidomecho	Daiwa Azabudai
Acquisition date		Jan. 2006	Jan. 2006	Mar. 2006	May 2006	May 2006
Price information	Acquisition price (million yen)	1,560	1,240	7,840	2,520	1,600
	Investment ratio (%)	0.3	0.3	1.7	0.5	0.3
	Carrying amount (million yen)	1,286	1,135	6,830	2,450	1,510
	Estimated price at end of period (million yen)	2,000	1,610	10,500	2,750	1,940
Leasing information	Total number of tenants (Note 1)	6	5	4	8	11
	Leasable floor area (m <sup>2</sup> )	2,659.59	1,487.44	8,425.69	2,850.81	1,697.88
	Leased floor area (m <sup>2</sup> )	2,659.59	1,487.44	8,425.69	2,850.81	1,697.88
	Occupancy rate (%)					
	End of Nov. 2016	100.0	100.0	56.7	100.0	100.0
	End of May 2017	100.0	100.0	100.0	100.0	100.0
	End of Nov. 2017	100.0	100.0	100.0	100.0	100.0
	End of May 2018	100.0	100.0	100.0	100.0	100.0
End of Nov. 2018	100.0	100.0	100.0	100.0	100.0	
Income (loss) information	Number of days of asset management	183	183	183	183	183
	Total property leasing revenue (A) (thousand yen)	60,621	54,981	281,985	80,917	52,039
	Rent revenue – real estate	60,621	51,766	281,985	80,201	52,039
	Other lease business revenue	–	3,215	–	716	–
	Total property leasing expenses (B) (thousand yen)	32,223	36,770	101,869	35,088	22,796
	Consignment expenses	7,166	3,540	11,638	6,400	4,344
	Utilities expenses	6,330	2,834	15,956	4,828	3,598
	Taxes and dues	5,235	4,056	14,265	6,993	5,081
	Non-life insurance expenses	87	56	261	118	66
	Repair expenses	74	18,656	2,103	1,429	470
	Depreciation (C)	13,311	7,626	57,643	15,318	9,234
	Other lease business expenses	18	–	–	–	–
	Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen)	28,397	18,210	180,116	45,828	29,243
	NOI (E) [(D) + (C)] (thousand yen)	41,709	25,836	237,760	61,147	38,477
Capital expenditures (F) (thousand yen)	10,199	1,008	420	113	3,752	
NCF [(E) – (F)] (thousand yen)	31,509	24,828	237,340	61,033	34,725	
Reference information	Expense rate (%) [(B) ÷ (A)]	53.16	66.88	36.13	43.36	43.81
	Annual amount of fixed property tax, etc. for fiscal 2018 (thousand yen)	10,429	8,053	28,530	13,738	10,140
	Estimated long-term repair expenses (thousand yen) (Note 2)	120,530	109,848	102,930	234,846	108,280

Region		Five Central Wards of Tokyo				
Property name		Daiwa Kyobashi	Daiwa Kojimachi 4-chome	Daiwa Onarimon	Shinjuku Maynds Tower (Note 4)	Daiwa SHIBUYA EDGE
Acquisition date		Jul. 2006	Oct. 2006	Dec. 2006	Jul. 2007 and Nov. 2007	Jul. 2007
Price information	Acquisition price (million yen)	3,460	2,910	13,860	66,900	5,900
	Investment ratio (%)	0.8	0.6	3.0	14.6	1.3
	Carrying amount (million yen)	3,206	2,835	13,504	64,354	5,642
	Estimated price at end of period (million yen)	3,450	2,880	13,700	63,000	5,210
Leasing information	Total number of tenants (Note 1)	10	7	7	40	5
	Leasable floor area (m <sup>2</sup> )	3,265.83	2,695.31	11,614.92	22,754.54	2,480.65
	Leased floor area (m <sup>2</sup> )	3,265.83	2,695.31	11,189.69	22,738.41	2,480.65
	Occupancy rate (%)					
	End of Nov. 2016	88.2	100.0	100.0	99.2	100.0
	End of May 2017	87.9	100.0	100.0	96.6	100.0
	End of Nov. 2017	87.9	100.0	100.0	96.6	100.0
End of May 2018	100.0	100.0	100.0	99.8	100.0	
End of Nov. 2018	100.0	100.0	96.3	99.9	100.0	
Income (loss) information	Number of days of asset management	183	183	183	183	183
	Total property leasing revenue (A) (thousand yen)	104,723	87,363	355,291	1,324,664	128,849
	Rent revenue – real estate	104,723	87,363	355,291	1,324,664	128,849
	Other lease business revenue	–	–	–	–	–
	Total property leasing expenses (B) (thousand yen)	44,190	44,347	139,214	600,376	38,896
	Consignment expenses	5,851	5,106	15,427	81,565	6,286
	Utilities expenses	9,366	7,761	24,019	139,004	7,775
	Taxes and dues	7,482	16,055	37,770	172,096	7,587
	Non-life insurance expenses	115	129	361	1,633	94
	Repair expenses	1,443	1,490	28,839	2,908	424
	Depreciation (C)	19,930	13,804	32,794	200,933	16,727
	Other lease business expenses	–	–	–	2,235	–
Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen)	60,533	43,015	216,077	724,287	89,952	
NOI (E) [(D) + (C)] (thousand yen)	80,464	56,819	248,872	925,220	106,680	
Capital expenditures (F) (thousand yen)	737	3,252	189,530	17,012	3,810	
NCF [(E) – (F)] (thousand yen)	79,726	53,567	59,342	908,208	102,870	
Reference information	Expense rate (%) [(B) ÷ (A)]	42.20	50.76	39.18	45.32	30.19
	Annual amount of fixed property tax, etc. for fiscal 2018 (thousand yen)	14,859	31,865	75,490	257,627	15,171
	Estimated long-term repair expenses (thousand yen) (Note 2)	140,200	169,753	459,880	4,460,870	62,460

Region		Five Central Wards of Tokyo				
Property name		Daiwa Kodenmacho	Daiwa Jimbocho	Daiwa Nishi- Shimbashi	Daiwa Kayabacho Building (Note 3)	Daiwa Jimbocho 3-chome
Acquisition date		Aug. 2007	Mar. 2010	Aug. 2010	Mar. 2011	Mar. 2011
Price information	Acquisition price (million yen)	2,460	4,150	5,000	5,600	3,550
	Investment ratio (%)	0.5	0.9	1.1	1.2	0.8
	Carrying amount (million yen)	2,364	3,982	4,708	5,231	3,353
	Estimated price at end of period (million yen)	2,230	3,680	6,860	8,190	5,220
Leasing information	Total number of tenants (Note 1)	8	7	11	1	8
	Leasable floor area (m <sup>2</sup> )	2,379.31	3,164.26	4,815.84	5,899.11	2,889.34
	Leased floor area (m <sup>2</sup> )	2,379.31	3,164.26	4,815.84	5,899.11	2,889.34
	Occupancy rate (%)					
	End of Nov. 2016	100.0	100.0	100.0	100.0	100.0
	End of May 2017	100.0	100.0	100.0	100.0	100.0
	End of Nov. 2017	100.0	100.0	100.0	100.0	100.0
	End of May 2018	100.0	100.0	100.0	100.0	100.0
End of Nov. 2018	100.0	100.0	100.0	100.0	100.0	
Income (loss) information	Number of days of asset management	183	183	183	183	183
	Total property leasing revenue (A) (thousand yen)	65,777	109,205	176,290	(Not disclosed)	113,890
	Rent revenue – real estate	65,777	109,115	176,290	(Not disclosed)	113,890
	Other lease business revenue	–	90	–	(Not disclosed)	–
	Total property leasing expenses (B) (thousand yen)	25,393	48,093	81,226	(Not disclosed)	48,421
	Consignment expenses	5,299	6,016	15,449	(Not disclosed)	7,994
	Utilities expenses	5,216	7,625	12,623	(Not disclosed)	8,482
	Taxes and dues	3,792	11,534	16,245	(Not disclosed)	9,843
	Non-life insurance expenses	84	121	218	(Not disclosed)	111
	Repair expenses	445	1,668	1,561	(Not disclosed)	2,153
	Depreciation (C)	9,731	21,087	35,128	(Not disclosed)	19,836
	Other lease business expenses	822	40	–	(Not disclosed)	–
	Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen)	40,383	61,112	95,064	(Not disclosed)	65,469
NOI (E) [(D) + (C)] (thousand yen)	50,115	82,199	130,192	148,169	85,305	
Capital expenditures (F) (thousand yen)	–	298	8,771	426	–	
NCF [(E) – (F)] (thousand yen)	50,115	81,901	121,421	147,743	85,305	
Reference information	Expense rate (%) [(B) ÷ (A)]	38.61	44.04	46.08	(Not disclosed)	42.52
	Annual amount of fixed property tax, etc. for fiscal 2018 (thousand yen)	7,585	22,779	32,185	25,639	19,653
	Estimated long-term repair expenses (thousand yen) (Note 2)	100,234	128,200	187,580	125,988 (Note 5)	82,470

Region		Five Central Wards of Tokyo				
Property name		E-SPACE TOWER	Daiwa Nihonbashi Hongokuchō	shinyon curumu	Daiwa Akasaka	Daiwa Shibuya Miyamasuzaka
Acquisition date		Jul. 2011	May 2012	Dec. 2012 and Apr. 2013	Aug. 2013	Sep. 2013
Price information	Acquisition price (million yen)	24,000	1,721	9,650	9,200	7,000
	Investment ratio (%)	5.2	0.4	2.1	2.0	1.5
	Carrying amount (million yen)	23,594	1,579	9,649	10,296	7,187
	Estimated price at end of period (million yen)	34,700	2,580	15,900	15,000	10,300
Leasing information	Total number of tenants (Note 1)	11	5	18	17	8
	Leasable floor area (m <sup>2</sup> )	13,960.87	2,143.08	6,751.31	8,747.39	6,328.94
	Leased floor area (m <sup>2</sup> )	13,030.87	2,143.08	6,751.31	8,747.39	6,328.94
	Occupancy rate (%)					
	End of Nov. 2016	96.8	100.0	100.0	100.0	100.0
	End of May 2017	100.0	100.0	99.5	100.0	100.0
	End of Nov. 2017	92.8	100.0	99.5	91.4	100.0
End of May 2018	100.0	100.0	99.5	100.0	100.0	
End of Nov. 2018	93.3	100.0	100.0	100.0	100.0	
Income (loss) information	Number of days of asset management	183	183	183	183	183
	Total property leasing revenue (A) (thousand yen)	739,614	71,583	372,712	351,389	269,737
	Rent revenue – real estate	739,614	71,583	372,712	351,389	264,939
	Other lease business revenue	–	–	–	–	4,797
	Total property leasing expenses (B) (thousand yen)	258,907	25,233	124,037	364,942	98,807
	Consignment expenses	60,419	3,366	25,051	31,960	38,739
	Utilities expenses	57,942	3,347	26,758	30,613	15,402
	Taxes and dues	59,645	4,538	35,212	34,400	21,138
	Non-life insurance expenses	577	69	288	364	256
	Repair expenses	6,981	618	245	209,072	1,151
	Depreciation (C)	73,269	13,293	36,481	58,530	22,119
	Other lease business expenses	72	–	–	–	–
Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen)	480,707	46,349	248,675	(13,553)	170,929	
NOI (E) [(D) + (C)] (thousand yen)	553,976	59,642	285,157	44,977	193,049	
Capital expenditures (F) (thousand yen)	57,144	–	1,262	932,683	9,222	
NCF [(E) – (F)] (thousand yen)	496,832	59,642	283,894	(887,706)	183,826	
Reference information	Expense rate (%) [(B) ÷ (A)]	35.01	35.25	33.28	–	36.63
	Annual amount of fixed property tax, etc. for fiscal 2018 (thousand yen)	119,252	9,055	70,379	68,729	42,224
	Estimated long-term repair expenses (thousand yen) (Note 2)	574,150	50,940	166,089	327,392	457,625

Region		Five Central Wards of Tokyo				
Property name		Daiwa Azabu Terrace	Daiwa Ebisu 4-chome (Note 3)	LAQUAS Higashi Shinjuku	Daiwa Aoyama	Shinsen Place (Note 3)
Acquisition date		Jul. 2014	Dec. 2014	Dec. 2014	Mar. 2015	Mar. 2015
Price information	Acquisition price (million yen)	14,000	4,135	8,450	9,800	4,800
	Investment ratio (%)	3.0	0.9	1.8	2.1	1.0
	Carrying amount (million yen)	14,033	4,238	8,467	10,012	4,877
	Estimated price at end of period (million yen)	17,200	6,090	10,900	12,400	6,720
Leasing information	Total number of tenants (Note 1)	11	1	4	6	1
	Leasable floor area (m <sup>2</sup> )	13,234.39	2,951.70	7,498.33	4,426.10	2,811.35
	Leased floor area (m <sup>2</sup> )	13,192.63	2,951.70	7,498.33	4,050.68	2,811.35
	Occupancy rate (%)					
	End of Nov. 2016	99.6	100.0	100.0	100.0	100.0
	End of May 2017	99.6	100.0	100.0	85.9	100.0
	End of Nov. 2017	99.6	100.0	100.0	100.0	100.0
	End of May 2018	99.6	100.0	100.0	100.0	100.0
End of Nov. 2018	99.6	100.0	100.0	91.5	100.0	
Income (loss) information	Number of days of asset management	183	183	183	183	183
	Total property leasing revenue (A) (thousand yen)	485,183	(Not disclosed)	234,120	259,612	(Not disclosed)
	Rent revenue – real estate	485,183	(Not disclosed)	234,120	243,840	(Not disclosed)
	Other lease business revenue	–	(Not disclosed)	–	15,772	(Not disclosed)
	Total property leasing expenses (B) (thousand yen)	172,797	(Not disclosed)	81,263	54,222	(Not disclosed)
	Consignment expenses	32,235	(Not disclosed)	9,918	11,429	(Not disclosed)
	Utilities expenses	51,852	(Not disclosed)	15,011	8,483	(Not disclosed)
	Taxes and dues	33,088	(Not disclosed)	21,095	13,446	(Not disclosed)
	Non-life insurance expenses	517	(Not disclosed)	267	132	(Not disclosed)
	Repair expenses	3,213	(Not disclosed)	2,008	1,170	(Not disclosed)
	Depreciation (C)	51,789	(Not disclosed)	32,735	19,560	(Not disclosed)
	Other lease business expenses	99	(Not disclosed)	226	–	(Not disclosed)
	Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen)	312,386	(Not disclosed)	152,857	205,389	(Not disclosed)
NOI (E) [(D) + (C)] (thousand yen)	364,176	141,069	185,593	224,949	125,085	
Capital expenditures (F) (thousand yen)	4,219	737	15,547	325	716	
NCF [(E) – (F)] (thousand yen)	359,957	140,331	170,046	224,624	124,369	
Reference information	Expense rate (%) [(B) ÷ (A)]	35.61	(Not disclosed)	34.71	20.89	(Not disclosed)
	Annual amount of fixed property tax, etc. for fiscal 2018 (thousand yen)	65,860	19,232	41,872	26,892	17,099
	Estimated long-term repair expenses (thousand yen) (Note 2)	325,054	115,410	125,440	97,530	112,510

Region		Five Central Wards of Tokyo				
Property name		Glass City Shibuya	Daiwa River Gate	Daiwa Hatchobori ekimae	Daiwa Hatchobori ekimae West	Daiwa Nishi-Shinjuku
Acquisition date		May 2015	Jun. 2015	Sep. 2015	Sep. 2015	Mar. 2016
Price information	Acquisition price (million yen)	16,000	28,000	2,871	1,647	13,710
	Investment ratio (%)	3.5	6.1	0.6	0.4	3.0
	Carrying amount (million yen)	15,950	27,932	2,934	1,722	14,004
	Estimated price at end of period (million yen)	18,400	31,700	3,360	1,850	15,900
Leasing information	Total number of tenants (Note 1)	9	91	9	8	7
	Leasable floor area (m <sup>2</sup> )	8,566.73	32,055.85	2,622.42	1,723.15	6,967.61
	Leased floor area (m <sup>2</sup> )	8,566.73	31,845.09	2,622.42	1,723.15	6,967.61
	Occupancy rate (%)					
	End of Nov. 2016	100.0	95.1	100.0	100.0	99.3
	End of May 2017	100.0	90.3	100.0	100.0	99.3
	End of Nov. 2017	100.0	98.1	100.0	100.0	100.0
End of May 2018	100.0	99.4	100.0	100.0	100.0	
End of Nov. 2018	100.0	99.3	100.0	100.0	100.0	
Income (loss) information	Number of days of asset management	183	183	183	183	183
	Total property leasing revenue (A) (thousand yen)	423,416	1,068,211	83,426	47,062	338,267
	Rent revenue – real estate	423,416	1,064,809	83,426	47,062	338,267
	Other lease business revenue	–	3,402	–	–	–
	Total property leasing expenses (B) (thousand yen)	112,852	470,828	34,754	16,930	104,080
	Consignment expenses	17,903	83,834	7,384	4,444	15,386
	Utilities expenses	30,614	130,113	7,292	2,972	20,485
	Taxes and dues	28,551	103,439	9,263	4,220	37,451
	Non-life insurance expenses	320	1,546	112	57	272
	Repair expenses	2,353	22,583	390	209	11,084
	Depreciation (C)	33,110	129,311	10,310	5,026	19,399
	Other lease business expenses	–	–	–	–	–
	Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen)	310,564	597,383	48,672	30,131	234,186
NOI (E) [(D) + (C)] (thousand yen)	343,674	726,695	58,982	35,157	253,586	
Capital expenditures (F) (thousand yen)	3,956	60,102	–	1,199	76,190	
NCF [(E) – (F)] (thousand yen)	339,718	666,592	58,982	33,958	177,396	
Reference information	Expense rate (%) [(B) ÷ (A)]	26.65	44.08	41.66	35.98	30.77
	Annual amount of fixed property tax, etc. for fiscal 2018 (thousand yen)	56,600	202,022	18,341	8,377	74,448
	Estimated long-term repair expenses (thousand yen) (Note 2)	202,340	1,970,900	114,190	84,620	284,170

Region		Five Central Wards of Tokyo				
Property name		Kirin Nihonbashi Building (Note 3)	Daiwa Higashi-nihonbashi Building	Square Daikanyama Building (Note 3)	Shinjuku West Building	Daiwa Kanda Mikura-cho Building
Acquisition date		May 2016	Jun. 2016	Jun. 2016	Jul. 2016	Dec. 2016
Price information	Acquisition price (million yen)	8,180	6,370	2,280	942	1,592
	Investment ratio (%)	1.8	1.4	0.5	0.2	0.3
	Carrying amount (million yen)	8,415	6,314	2,377	980	1,597
	Estimated price at end of period (million yen)	8,290	6,860	3,370	1,210	1,740
Leasing information	Total number of tenants (Note 1)	1	5	1	8	7
	Leasable floor area (m <sup>2</sup> )	5,630.17	5,015.88	1,588.35	1,120.58	1,719.51
	Leased floor area (m <sup>2</sup> )	5,630.17	5,015.88	1,588.35	1,110.49	1,719.51
	Occupancy rate (%)					
	End of Nov. 2016	100.0	100.0	100.0	100.0	—
	End of May 2017	100.0	100.0	100.0	100.0	69.5
	End of Nov. 2017	100.0	100.0	100.0	100.0	100.0
End of May 2018	100.0	100.0	100.0	100.0	100.0	
End of Nov. 2018	100.0	100.0	100.0	99.0	100.0	
Income (loss) information	Number of days of asset management	183	183	183	183	183
	Total property leasing revenue (A) (thousand yen)	(Not disclosed)	174,957	(Not disclosed)	38,454	49,695
	Rent revenue – real estate	(Not disclosed)	174,957	(Not disclosed)	38,454	49,695
	Other lease business revenue	(Not disclosed)	—	(Not disclosed)	—	—
	Total property leasing expenses (B) (thousand yen)	(Not disclosed)	56,811	(Not disclosed)	20,200	29,689
	Consignment expenses	(Not disclosed)	7,732	(Not disclosed)	3,762	4,681
	Utilities expenses	(Not disclosed)	11,182	(Not disclosed)	2,865	2,802
	Taxes and dues	(Not disclosed)	11,672	(Not disclosed)	3,126	3,496
	Non-life insurance expenses	(Not disclosed)	181	(Not disclosed)	37	48
	Repair expenses	(Not disclosed)	844	(Not disclosed)	8,188	13,651
	Depreciation (C)	(Not disclosed)	25,148	(Not disclosed)	2,220	5,008
	Other lease business expenses	(Not disclosed)	50	(Not disclosed)	—	—
Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen)	(Not disclosed)	118,146	(Not disclosed)	18,253	20,005	
NOI (E) [(D) + (C)] (thousand yen)	137,170	143,295	49,757	20,474	25,014	
Capital expenditures (F) (thousand yen)	158,230	418	—	1,128	1,637	
NCF [(E) – (F)] (thousand yen)	(21,060)	142,876	49,757	19,346	23,376	
Reference information	Expense rate (%) [(B) ÷ (A)]	(Not disclosed)	32.47	(Not disclosed)	52.53	59.74
	Annual amount of fixed property tax, etc. for fiscal 2018 (thousand yen)	22,124	23,139	9,673	6,224	6,950
	Estimated long-term repair expenses (thousand yen) (Note 2)	216,720	158,880	45,044	79,330	74,026

Region		Five Central Wards of Tokyo			Greater Tokyo	
Property name		Daiwa Kanda East	Prime Kanda Building	Sasazuka NA Building	Daiwa Higashi-Ikebukuro	Daiwa Shinagawa North
Acquisition date		Jan. 2018	Jun. 2018 and Nov. 2018	Oct. 2018	Oct. 2005	Jul. 2007
Price information	Acquisition price (million yen)	4,200	2,295	15,500	2,958	7,710
	Investment ratio (%)	0.9	0.5	3.4	0.6	1.7
	Carrying amount (million yen)	4,303	2,381	16,079	2,644	7,143
	Estimated price at end of period (million yen)	5,340	2,710	16,100	4,070	6,180
Leasing information	Total number of tenants (Note 1)	5	9	5	8	11
	Leasable floor area (m <sup>2</sup> )	3,980.56	2,211.64	16,160.25	4,461.47	6,548.17
	Leased floor area (m <sup>2</sup> )	3,980.56	2,211.64	16,160.25	4,461.47	6,548.17
	Occupancy rate (%)					
	End of Nov. 2016	—	—	—	100.0	100.0
	End of May 2017	—	—	—	100.0	100.0
	End of Nov. 2017	—	—	—	100.0	100.0
End of May 2018	91.8	—	—	100.0	100.0	
End of Nov. 2018	100.0	100.0	100.0	100.0	100.0	
Income (loss) information	Number of days of asset management	183	177	32	183	183
	Total property leasing revenue (A) (thousand yen)	127,965	48,804	73,721	131,744	199,637
	Rent revenue – real estate	127,965	48,804	73,675	131,744	199,637
	Other lease business revenue	—	—	46	—	—
	Total property leasing expenses (B) (thousand yen)	55,040	14,560	27,516	59,222	90,424
	Consignment expenses	12,952	6,051	7,068	10,680	17,412
	Utilities expenses	9,910	2,801	—	14,360	16,778
	Taxes and dues	92	70	—	8,567	18,981
	Non-life insurance expenses	131	49	127	191	295
	Repair expenses	13,932	693	726	1,382	1,167
	Depreciation (C)	18,020	4,886	19,593	24,039	35,789
	Other lease business expenses	—	7	—	—	—
Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen)	72,924	34,243	46,205	72,521	109,212	
NOI (E) [(D) + (C)] (thousand yen)	90,945	39,130	65,798	96,561	145,002	
Capital expenditures (F) (thousand yen)	70,933	—	—	6,872	9,930	
NCF [(E) – (F)] (thousand yen)	20,011	39,130	65,798	89,689	135,071	
Reference information	Expense rate (%) [(B) ÷ (A)]	43.01	29.84	37.32	44.95	45.29
	Annual amount of fixed property tax, etc. for fiscal 2018 (thousand yen)	—	—	—	17,059	36,860
	Estimated long-term repair expenses (thousand yen) (Note 2)	133,611	76,730	718,270	228,260	331,160



Region		Greater Tokyo				
Property name		Daiwa Osaki 3-chome	Daiwa Kamiooka	Integral Tower	Daiwa Meguro Square	Daiwa Ogikubo
Acquisition date		Sep. 2012	Mar. 2013	May 2014	May 2015	Jul. 2016
Price information	Acquisition price (million yen)	1,650	2,000	15,220	5,600	3,800
	Investment ratio (%)	0.4	0.4	3.3	1.2	0.8
	Carrying amount (million yen)	1,594	1,893	15,832	5,516	3,989
	Estimated price at end of period (million yen)	2,350	2,830	21,500	6,820	4,610
Leasing information	Total number of tenants (Note 1)	5	9	9	16	12
	Leasable floor area (m <sup>2</sup> )	1,786.06	2,630.30	17,778.14	3,519.50	3,849.63
	Leased floor area (m <sup>2</sup> )	1,786.06	2,630.30	17,778.14	3,519.50	3,849.63
	Occupancy rate (%)					
	End of Nov. 2016	100.0	93.7	100.0	96.1	100.0
	End of May 2017	100.0	100.0	100.0	100.0	100.0
	End of Nov. 2017	100.0	100.0	100.0	100.0	100.0
End of May 2018	100.0	100.0	100.0	100.0	100.0	
End of Nov. 2018	100.0	100.0	100.0	100.0	100.0	
Income (loss) information	Number of days of asset management	183	183	183	183	183
	Total property leasing revenue (A) (thousand yen)	65,729	93,196	644,854	158,434	127,346
	Rent revenue – real estate	65,729	93,196	644,854	158,434	127,346
	Other lease business revenue	—	—	—	—	—
	Total property leasing expenses (B) (thousand yen)	22,915	43,140	296,394	57,110	68,501
	Consignment expenses	3,529	5,568	62,953	9,495	9,360
	Utilities expenses	3,480	8,590	81,652	9,492	6,767
	Taxes and dues	4,006	6,435	44,952	13,882	8,089
	Non-life insurance expenses	60	103	756	150	128
	Repair expenses	420	4,376	6,633	1,155	31,552
	Depreciation (C)	11,419	18,065	99,266	22,933	12,603
Other lease business expenses	—	—	180	—	—	
Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen)	42,814	50,055	348,459	101,323	58,844	
NOI (E) [(D) + (C)] (thousand yen)	54,233	68,121	447,725	124,257	71,448	
Capital expenditures (F) (thousand yen)	285	—	14,300	7,803	12,588	
NCF [(E) – (F)] (thousand yen)	53,948	68,121	433,425	116,454	58,860	
Reference information	Expense rate (%) [(B) ÷ (A)]	34.86	46.29	45.96	36.05	53.79
	Annual amount of fixed property tax, etc. for fiscal 2018 (thousand yen)	8,012	12,830	89,535	27,389	16,100
	Estimated long-term repair expenses (thousand yen) (Note 2)	54,915	63,700	834,324	110,053	161,340

Region		Greater Tokyo		Major Regional Cities
Property name		CONCURRED Yokohama	Kita-Shinagawa Gotenyama Building	Daiwa Kitahama
Acquisition date		Jan. 2018	Sep. 2018	Aug. 2014
Price information	Acquisition price (million yen)	38,100	2,500	9,481
	Investment ratio (%)	8.3	0.5	2.1
	Carrying amount (million yen)	38,217	2,588	9,224
	Estimated price at end of period (million yen)	39,900	2,630	11,700
Leasing information	Total number of tenants (Note 1)	35	4	8
	Leasable floor area (m <sup>2</sup> )	28,052.98	2,396.96	13,517.62
	Leased floor area (m <sup>2</sup> )	27,882.89	1,406.25	13,517.62
	Occupancy rate (%)			
	End of Nov. 2016	—	—	100.0
	End of May 2017	—	—	98.8
	End of Nov. 2017	—	—	100.0
End of May 2018	93.2	—	100.0	
End of Nov. 2018	99.3	58.6	100.0	
Income (loss) information	Number of days of asset management	183	79	183
	Total property leasing revenue (A) (thousand yen)	942,799	21,550	358,318
	Rent revenue – real estate	942,799	21,550	358,318
	Other lease business revenue	—	—	—
	Total property leasing expenses (B) (thousand yen)	288,227	6,571	150,375
	Consignment expenses	78,030	2,341	25,393
	Utilities expenses	90,435	1,025	35,772
	Taxes and dues	7	6	33,833
	Non-life insurance expenses	771	34	502
	Repair expenses	6,394	342	734
	Depreciation (C)	112,466	2,821	54,043
	Other lease business expenses	120	—	96
Operating income (loss) from property leasing (D) [(A) – (B)] (thousand yen)	654,572	14,978	207,943	
NOI (E) [(D) + (C)] (thousand yen)	767,038	17,800	261,987	
Capital expenditures (F) (thousand yen)	14,305	—	1,252	
NCF [(E) – (F)] (thousand yen)	752,733	17,800	260,735	
Reference information	Expense rate (%) [(B) ÷ (A)]	30.57	30.49	41.97
	Annual amount of fixed property tax, etc. for fiscal 2018 (thousand yen)	—	—	67,667
	Estimated long-term repair expenses (thousand yen) (Note 2)	718,980	102,564	264,054

- (Note 1) Total number of tenants is the number of end-tenants. When there is a tenant occupying multiple buildings, the concerned tenant is counted and stated for each individual building.
- (Note 2) Estimated long-term repair expenses are the total amount of repair expenses and renewal expenses estimated to arise over the 12-year period from the 1st year to the 12th year as stated in the building investigation diagnosis report.
- (Note 3) Not disclosed for such reasons as consent was not obtained from major tenants to disclose the rent revenue, etc. for the property.
- (Note 4) The three-sevenths co-ownership out of the six-sevenths co-ownership of Shinjuku Maynds Tower was divested on February 28, 2018.
- (Note 5) Estimated long-term repair expenses of “Daiwa Kayabacho Building” are the total amount of repair expenses and renewal expenses estimated to arise over the 10-year period from the 1st year to the 10th year as stated in the building investigation diagnosis report.