

Portfolio Management Policy

■ Investment Target

DHR's investments focus on logistics properties, residential properties, retail properties, and hotels (the "Core Assets"). DHR is also able to invest in other real estate asset types such as offices and healthcare properties ("Other Assets").

	Property type	Investment ratio
Core Assets	Logistics properties, residential properties, retail properties, hotels	80% or more
Other Assets	Office buildings, healthcare properties, etc.	20% or less

Note: Asset type of multi-use complex real estate will be categorized by the purpose that constitutes the largest proportion of the leasable floor area.

■ Investment Area

Investments are mainly focused in the three major metropolitan areas.

Area	Location	Investment ratio
Three metropolitan areas	The greater Tokyo area: Tokyo, Kanagawa, Saitama and Chiba prefectures The greater Nagoya area: Aichi, Gifu and Mie prefectures The greater Osaka area: Osaka, Kyoto, Hyogo, Nara and Shiga prefectures	70% or more

■ Investment amount per property

Minimum investment amount per property	JPY 1 billion or more in principle
Maximum ratio of investment in any one property to the portfolio as a whole	30% or below in principle

■ Investment standards for each asset type:

◆ **Logistics properties**

1. Categories

DHR invests in logistics properties in the following two categories.

Type	BTS (Build-to-suit) type	Multi-tenant type
Outline	Logistics properties customized to tenant needs, while maintaining general versatility to accommodate successor tenants in the future	Logistics properties located on sites suitable to the logistics needs of various businesses with optimal scale, grade and facilities for their respective site

2. Evaluation criteria and selection standards

DHR assesses properties on their location and other features, including whether they allow for efficient logistics and rapid adoption to market trends within the supply chain of procurement and production to sale and consumption, and invests in properties with a high level of competitiveness and stable income over the medium to long term.

DHR mainly invests in high-performance logistics properties (logistics properties located in areas DHR considers especially suited to logistics, and with facilities and specifications that meet DHR's competitiveness criteria).

Type	BTS (Build-to-suit) type	Multi-tenant type
Location	<ul style="list-style-type: none"> · Accessibility to production and consumption areas · Accessibility to transportation such as airports, harbors, highways, etc. · Ease in securing workforce and convenience in commuting for employees · Location's natural and other surrounding environment 	
Size	<ul style="list-style-type: none"> · Gross floor area of 6,000 m² or more 	
Contract terms	<ul style="list-style-type: none"> · Rental rate · Rental term and remaining term in the current lease · Security deposit amount · Provisions for early termination 	
Tenants	<ul style="list-style-type: none"> · Business category · Tenant composition · Required leased area 	<ul style="list-style-type: none"> · Stability of rental revenues · Creditworthiness · Competitiveness
Facilities and other specifications	<ul style="list-style-type: none"> · Connected car berth · Floor weight capacity (1.5 t/m² or more) · Floor height · Ceiling height (5.0 m or more) · Pillar interval spacing (8.0 m or more) · Air conditioning equipment and lighting 	<ul style="list-style-type: none"> · Elevators and vertical carrier machines · Presence of offices and lounges · Working environment · Parking lot · Overall versatility of the facilities

◆ **Residential properties**

1. Categories

DHR invests in residential properties in the following two categories.

Type	Compact (C)	Family (F)
Outline	Residences designed for single- and two-person households to suit their lifestyles, etc.	Residences designed for families to suit their life styles, etc.

2. Evaluation criteria and selection standards

DHR invests in properties that will provide stable income and growth potential. DHR determines such properties by comprehensively assessing, among other things, the demand for rental property in the local area, the properties' competitiveness and the sustainability of competitiveness in the future, the competitiveness of the property in the market area, adequacy of the contracted rent, and the status of nearby competing properties.

Type	Compact (C)	Family (F)
Location	<ul style="list-style-type: none"> · Proximity to the nearest train station · Wide variety of options available regarding life style (i.e. proximity to business districts, parks, cultural facilities, broad commercial center, amusement areas, etc.) 	<ul style="list-style-type: none"> · Located in a quiet residential area · A full array of cultural facilities · Lifestyle convenience (proximity to neighboring retail properties, cultural facilities, sports facilities, etc.)
Dedicated area	· 60 m ² or less	· More than 60 m ²
Size	· Gross floor area of 660 m ² or more	
Contract terms	<ul style="list-style-type: none"> · Rental rate, market rent, occupancy rate · Rental term in the current lease · Security deposit amount 	
Tenants	<ul style="list-style-type: none"> · Creditworthiness and rent payment status · (Individual) joint guarantors or guarantor company · Purpose of use · Checks on tenants belonging to anti-social forces 	
Facilities and other specifications	<ul style="list-style-type: none"> · Floor plan and composition ratio by type · Ceiling height · Interior specifications (ceiling, wall, floor, etc.) · Exterior specifications (exterior wall, rooftop, stairs, corridor, etc.) · Sanitary equipment · Air conditioning equipment 	<ul style="list-style-type: none"> · Electronic equipment · Security equipment · Common facilities (Elevators, corridors, car parking lot, bicycle parking lot, garbage collecting points, etc.) · Broadcast receiving equipment · Administration office

◆ **Retail properties**

1. Categories

DHR invests in retail properties in the following three categories.

Type	Mall type (Note)	Roadside type	Urban type
Outline	Enclosed or open malls located along a main highway or residential road	Single retail properties or retail complexes consisting of independent stores located along a main highway or residential road	Retail properties located near terminal stations or in popular urban districts

Note: Enclosed malls are shopping malls that contain all stores in a single building around an air-conditioned mall center, while open malls are open-air shopping malls, including malls covered by a canopy top, that connect stores outside of a building.

2. Evaluation criteria and selection standards

DHR invests in properties that will provide stable income and growth potential. DHR determines such properties by comprehensively assessing, among other things, the properties' competitiveness and the sustainability of competitiveness in the future, stability and growth of the market area, competitiveness of the property in the market area, creditworthiness of tenants, adequacy of the contracted rent and the potential for opening a store near competing properties. DHR mainly invests in specialty retail complexes (retail properties which DHR believes are in a favorable location as a market area, with specialty store as core tenants whose products and services are broadly recognized by consumers in the relevant region, and with tenant businesses of categories and sizes well suited to the consumer characteristics and purchasing power of the region. Such properties house relevant specialty stores and may be a part of larger retail complexes that are integrated with multiple commercial facilities in the surrounding area.).

Type	Mall type	Roadside type	Urban type
Location	<ul style="list-style-type: none"> · Accessibility from main highways or residential roads · Visibility of the entire building · Superiority in scale within the market area 	<ul style="list-style-type: none"> · Accessibility from main highways or residential roads · Visibility of the entire building 	<ul style="list-style-type: none"> · Number of passengers passing through the nearest station · Congestion and continuity of the neighboring urban area
Size	Gross floor area of 8,000 m ² or more	Gross floor area of 3,000 m ² or more	Gross floor area of 500 m ² or more
Contract terms	<ul style="list-style-type: none"> · Rental rate · Rental term and remaining term in the current lease · Security deposit amount · Provisions for early termination 		
Tenants	<ul style="list-style-type: none"> · Business category · Tenant composition · Required leased area · Stability of rental revenues 	<ul style="list-style-type: none"> · Creditworthiness · Competitiveness · Strength of brand name · Ability to attract customers 	
Facilities and other specifications	<ul style="list-style-type: none"> · Floor shape, customer pathway · Capacity for utilities such as electricity, water and gas · Air conditioning equipment and lighting · Interior and exterior appearance 	<ul style="list-style-type: none"> · Elevators and escalators · Parking lot · Overall versatility of facilities 	

◆ **Hotels**

1. Categories
DHR does not categorize the hotels in which it invests.

2. Evaluation criteria and selection standards
DHR invests in properties that will provide stable income and growth potential. DHR determines such properties by comprehensively assessing, among other things, the properties' competitiveness and the sustainability of competitiveness in the future, stability and growth of the location area, creditworthiness of tenants, and adequacy of the contracted rent.

Location	<ul style="list-style-type: none"> · Accessibility to airport terminals, train stations, and other means of transportation · Placement and proximity of business districts, amusement areas, tourist facilities, leisure facilities, etc. · Visibility of the building
Size	Gross floor area of 3,000 m ² or more
Contract terms	<ul style="list-style-type: none"> · Rental rate · Rental term and remaining term in the current lease · Security deposit amount · Provisions for early termination
Tenants	<ul style="list-style-type: none"> · Level of main operational indices (ADR (see note below), sales and occupancy rate, etc.) · Stability of rental revenues · Creditworthiness · Competitiveness · Strength of brand name · Ability to attract customers
Facilities and other specifications	<ul style="list-style-type: none"> · Number and area of guestrooms · Guestroom types and composition ratio by type · Floor shape, customer pathway · Capacity for utilities such as electricity, water and gas · Air conditioning equipment and lighting · Interior and exterior appearance · Elevators and escalators · Parking lot · Overall versatility of facilities

Note: "ADR" is the average daily rate per guestroom, which is calculated by dividing total guestroom revenue by the number of guestrooms sold.

◆ **Other Assets (Office buildings, healthcare properties, etc.)**

Considering the fact that Other Assets have various types and that investment criteria and standards will vary in accordance with the different types of Other Assets, specific evaluation criteria and selection standards are not set for each type; investments to each of those properties will be decided upon comprehensive consideration of the regional characteristics arising from location-specific features, ease of securing alternative tenants, overall versatility of facilities, etc.