



Daiwa House REIT

Leveraging comprehensive strengths of Daiwa House Group
and aiming to continuously increase unitholder value

Sustainability Report **2021**



Daiwa House[®] Group

Creating Dreams, Building Hearts

Daiwa House Group symbol - the Endless Heart - represents the group's vision of building endless emotional connections with each and every one of its customers, as well as the solidarity of the Daiwa House Group.

As a group that co-creates value for individuals, communities and people's lifestyles, the Daiwa House Group aims to think outside the box and always to create new value in each successive generation. The Daiwa House Group will continue to pass on the ideals on which Daiwa House was founded, and work to help realize a sustainable society.

DHR will work to continuously increase unitholder value by ensuring stable revenue and steady growth of its assets under management over the medium to long term.

Characteristics of Daiwa House REIT Investment Corporation

Diversified REIT primarily investing in four core asset classes

- ▶ The core assets are logistics properties, residential properties, retail properties, and hotel properties
- ▶ Invests mainly in the three metropolitan areas: the Greater Tokyo area, the Greater Nagoya area, and the Greater Osaka area
- ▶ Builds a diversified portfolio, consisting of assets with various risk-return profiles

Collaboration with Daiwa House Group

- ▶ Leverages the value chain built on Daiwa House Group's well-rounded strengths
- ▶ Receives Daiwa House Group's pipeline support such as preferential negotiation rights
- ▶ Expands asset size mainly through the acquisition of properties developed by Daiwa House Group
- ▶ Cuts administration and operation costs through cooperation with Daiwa House Group

Enhanced financial stability

- ▶ Lengthens and diversifies debt maturities and fixes interest rates
- ▶ Controls LTV (based on total assets including goodwill) within a range from 40% to 50% to maintain stable financial operation
- ▶ Builds solid lender formation

Index

Characteristics of DHR, Index, Editorial Policy -- 1	Supported Initiatives and External Evaluation 12	Green Finance 23	Initiatives for Tenants and Supply Chain -- 33
Message from the Management 2	Environment 14	Environment-friendly Initiatives 24	Governance 34
History 4	Climate Change 15	Human Rights 26	Compliance 37
Sustainability Strategy 6	GHG Emissions 17	Investor Relations Initiatives 27	Risk Management 38
Materiality and SDGs 8	Environmental Certifications 18	Developing Human Resources 28	Outline of DHR /the Asset Manager 39
Sustainability Policy 10	Energy 21	Diversity and Inclusion 30	GRI Content Index 40
Stakeholder Engagement 11	Water Consumption/Waste Management/Pollution Prevention -- 22	Initiatives for Local Community 32	

Editorial Policy

This report describes the overall efforts of Daiwa House REIT Investment Corporation (hereinafter referred to as "DHR") and its asset manager, Daiwa House Asset Management Co., Ltd. (hereinafter referred to as the "Asset Manager") to contribute to the realization of a sustainable society and to maximize unitholder value over the medium to long term. This report has been prepared based on information on the website as of July 2021. For the latest information thereafter, please refer to the website, which will be updated as needed.

This report contains forward-looking statements, but these statements are based on judgments made with information available at the time each material was prepared, and are not guarantees of future financial results.

Yen amounts of less than the units indicated are truncated in this report.

Issue Date: July 2021 Issue Frequency: Annually

Message from the Management

DHR will work to continuously increase unitholder value by ensuring stable revenue and steady growth of its assets over the medium to long term through fully utilizing Daiwa House Group's comprehensive strengths and knowhow regarding real-estate development.



Toshiharu Asada

Executive Director
Daiwa House REIT
Investment Corporation



Koichi Tsuchida

President and CEO
Daiwa House Asset
Management Co., Ltd.

Daiwa House REIT Investment Corporation's ESG Policy

Aiming to ensure stable revenue and steady growth of assets over the medium to long term, we will strive to manage assets in a manner that embraces ESG considerations while appropriately disclosing such performance

Daiwa House REIT Investment Corporation and its asset manager Daiwa House Asset Management Co., Ltd. share the Daiwa House Group's basic approach of "Creating Dreams, Building Hearts." To attain a sustainable society, it is essential that we include environmental, social, and governance ("ESG") considerations in real estate investment management operations. We also believe that this will contribute to DHR's basic policy of ensuring stable revenue and achieving steady asset growth over the medium to long term. As such, DHR established the Sustainability Policy in April 2017, and has been applying it to its real estate investment management business.

This constitutes our first Sustainability Report, prepared for the purpose of providing an opportunity for unitholders and other stakeholders to learn more about the various ESG initiatives and approaches implemented by DHR and the Asset Manager thus far. Going forward, DHR will keep striving to further enhance its ESG initiatives with respect to its real estate investment management business, while endeavoring to appropriately disclose such performance.

Acquiring External Evaluation

We aim to acquire external evaluation and improve assessment results in order to achieve greater objectivity and reliability with respect to our ESG initiatives

DHR manages investment in a manner that embraces ESG considerations, working in conjunction with the Asset Manager. We accordingly aim to acquire external evaluation and improve assessment results in order to achieve greater objectivity and reliability with respect to our ESG initiatives.

Having been taking part in the Global Real Estate Sustainability Benchmark (GRESB) Real Estate Assessment since 2017, DHR has received the "Green Star" rating for three consecutive years, and has furthermore improved its GRESB rating, whereby a

five-star rating is assigned based on the overall score relative to rankings of global participants, to "4 Stars" in 2020 from "3 Stars" in 2019 and "2 Stars" in 2018. DHR also received an "A" rating, the highest rating given on a 5-grade scale, in the GRESB Public Disclosure evaluation scheme for two consecutive years based on its proactive information disclosure practices related to ESG initiatives.

DHR participated in the CDP Climate Change Program for the first time in 2020 and achieved an "A-" score of the highest Leadership level in recognition of having taken a leadership role in climate change initiatives and information disclosure. Moreover, under the CDP Supplier Engagement assessment, DHR was selected for the Supplier Engagement Leaderboard, making it the first listed J-REIT to be selected for inclusion.

To increase the objectivity and reliability of DHR's initiatives in reducing the environmental burden of properties it owns, DHR intends to increase medium- to long-term asset value and pursue the acquisition of third-party external certifications and evaluations.

As of March 31, 2021, 63.1% of the properties have obtained environmental certification (DBJ Green Building Certification, BELS Certification, CASBEE for Real Estate Certification; gross floor area basis), which is 9.2 percentage points higher than the certification rate as of March 31, 2020. Whereas DHR had intended to increase the environmental certification rate of its properties to 50% or more (gross floor area basis), the certification rate of its properties is already up to 63.1% as of March 31, 2021. As such, DHR has updated its target and accordingly aims to achieve a certification rate of 70% or more by the fiscal year ending March 31, 2031.

Identifying Priority Issues (Materiality)

ESG-related issues of particular importance (materiality) were identified in view of factors such as the impact of DHR's business operations and stakeholder expectations

DHR has identified ESG-related issues it deems to be of particular importance ("materiality"). Identifying materiality issues entailed pinpointing sustainability challenges involving DHR, derived from among various ESG assessments worldwide, sustainability disclosure standards, and SDGs. It also entailed checking DHR's practices of disclosing and addressing such issues, conducting interviews with management of the Asset Manager, assigning priorities, having an external consulting company conduct reviews, and finally having the Sustainability Committee engage in a process of discussion and approval in March 2021.

DHR has identified issues as having materiality with respect to ESG factors. For instance, (1) when it comes to environmental (E), this involves achieving energy efficiency (energy saving), reducing greenhouse gas emissions (renewable energy), and making buildings more resilient. (2) When it comes to social (S), this involves developing human resources (training and career development), promoting diversity, improving health, safety, and comfort of tenants, and cooperating with tenants (promoting Green Leases). (3) When it comes to governance (G), this involves ensuring compliance (appropriate transactions with interested parties), and acquiring and improving Green Building Certification and ESG assessments. The interviews with management explicitly revealed priority matters from the perspective of management, particularly in terms of developing human resources, addressing climate change, and cooperating with tenants.

Initiatives of the Asset Manager

Aiming to improve long-term investment performance by incorporating ESG issues into the investment decision-making process

The Asset Manager acquired certification under the EcoAction 21 third-party evaluation system in March 2020 for certifying and registering organizations that implement appropriate environmental initiatives, establish, operate and maintain environmental management systems, and promote environmental communications in accordance with the EcoAction 21 Guideline formulated by the Ministry of the Environment.

In addition, the Asset Manager became a signatory organization of the Principles for Responsible Investment ("PRI") in February 2021. The Asset Manager has agreed with the basic approach of the PRI, which encourages the incorporation of ESG issues into investment decisions and aims to help the beneficiaries enhance long-term investment performance and the signatories better fulfill their fiduciary duty by including these perspectives in the investment decision-making process.

History

DHR shares the Daiwa House Group's basic approach of "Creating Dreams, Building Hearts" and considers that including consideration for ESG in its real estate investment management operations contributes to DHR's basic policy of ensuring stable revenue and steady asset growth over the medium to long term. Therefore, we have set targets for sustainability and have been working on the implementation of various measures.

1st Fiscal Period

June 2005

- Promoter (Morimoto Asset Management Co., Ltd. (currently, Daiwa House Asset Management Co., Ltd.)) submitted notification of establishment of BLife Investment Corporation under Article 69 Paragraph 1 of the Act on Investment Trusts and Investment Corporations (the "Investment Trusts Act")
- Commercial registration of establishment under Article 166 of the Investment Trusts Act; incorporation of BLife Investment Corporation
- Application for registration as BLife Investment Corporation under Article 188 of the Investment Trusts Act

July 2005

- Prime Minister registered BLife Investment Corporation under Article 187 of the Investment Trusts Act (Registration Number: Director of Kanto Local Finance Bureau No. 38)

2nd Fiscal Period

February 2006

- Application for approval to be listed on the Japan real estate investment trust (J-REIT) market of Tokyo Stock Exchange
- Approval to be listed on the Japan real estate investment trust (J-REIT) market of Tokyo Stock Exchange

March 2006

- Listing on the Japan real estate investment trust (J-REIT) market of Tokyo Stock Exchange (Securities Code: 8984)

9th Fiscal Period

April 2010

- Merger with New City Residence Investment Corporation

12th Fiscal Period

December 2011

- Introducing the new brand "Castalia" for residential properties (rental housing)



- Change of the corporate name from BLife Investment Corporation to Daiwa House Residential Investment Corporation

15th Fiscal Period

March 2013

- Split of investment units (2-for-1 split)

19th Fiscal Period

March 2015

- Split of investment units (2-for-1 split)

June 2015

- Acquiring DBJ Green Building Certification (1 property)



22nd Fiscal Period

September 2016

- Merger with Daiwa House REIT Investment Corporation
Change of the corporate name from Daiwa House Residential Investment Corporation to Daiwa House REIT Investment Corporation

23rd Fiscal Period

April 2017

- Acquiring DBJ Green Building Certification (3 properties)



24th Fiscal Period

February 2018

- Acquiring DBJ Green Building Certification (5 properties)



25th Fiscal Period

March 2018

- Acquiring DBJ Green Building Certification (2 properties)



May 2018

- Acquiring DBJ Green Building Certification (3 properties)



26th Fiscal Period

September 2018

- Acquiring "Green Star" rating for GRESB Real Estate Assessment for the first time



December 2018

- Acquiring DBJ Green Building Certification (3 properties)



27th Fiscal Period

March 2019

- Acquiring an "A" rating for SMBC Environmental Assessment Loan
- Acquiring DBJ Green Building Certification (3 properties) and BELS Certification (1 property)



July 2019

- Acquiring BELS Certification (3 properties)



August 2019

- Acquiring DBJ Green Building Certification (4 properties) and BELS Certification (5 properties)



28th Fiscal Period

September 2019

- Acquiring the highest rating of "S" for MUFG ESG Rating Certificate for J-REITs supported by JCR
- Acquiring "Green Star" rating for GRESB Real Estate Assessment and the highest rating of "A" for GRESB Public Disclosure



- Acquiring CASBEE for Real Estate Certification (1 property)



November 2019

- Issuance of Green Bonds (10 years, ¥6.0 billion)

December 2019

- Acquiring DBJ Green Building Certification (1 property) and BELS Certification (8 properties)



February 2020

- Acquiring CASBEE for Real Estate Certification (4 properties)



29th Fiscal Period

March 2020

- Acquiring BELS Certification (2 properties)



- EcoAction 21 certification and registration



May 2020

- Issuance of Green Bonds (5 years, ¥2.4 billion)
- Issuance of Green Bonds (10 years, ¥1.6 billion)
- Issuance of Green Bonds (20 years, ¥1.0 billion)

30th Fiscal Period

November 2020

- Acquiring "4 Stars" and "Green Star" ratings for GRESB Real Estate Assessment
- Acquiring the highest rating of "A" for GRESB Public Disclosure



December 2020

- Acquiring an "A-" rating for CDP Climate Change Program

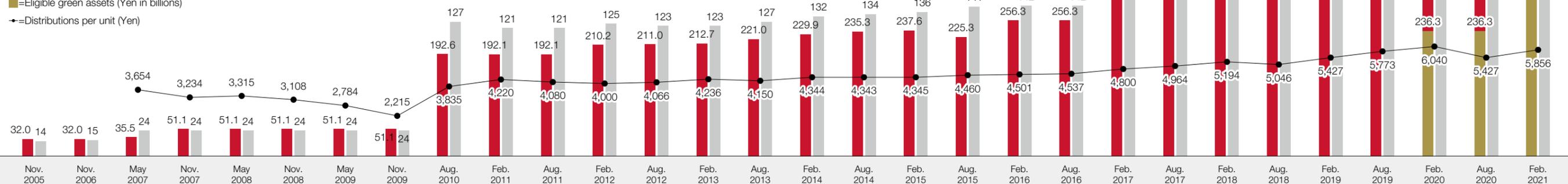


February 2021

- Becoming a PRI signatory



■ =Asset size (Yen in billions)
■ =Number of properties
■ =Eligible green assets (Yen in billions)
→ =Distributions per unit (Yen)



Sustainability Strategy

DHR's Sustainability Goals

Our investment strategy is to target a diversified portfolio, focusing on logistics, residential, retail and hotel properties as our core asset classes, as well as other asset classes such as office buildings and healthcare properties as a "diversified REIT." DHR carries out investment and management of real estate, etc. located throughout Japan, focusing on the three major metropolitan areas. Our policy is to operate in a manner that will maximize unitholder value by ensuring stable revenue and steady growth of assets through fully utilizing the comprehensive strengths and knowhow of the sponsor, the Daiwa House Group.

Challenges such as climate change risks and other social issues, the reform of work styles due to COVID-19, and the strengthening of governance to ensure trust from stakeholders and society are having a significant impact on the business activities of investment corporations and management companies. The impact of the status of ESG initiatives on corporate reputation and corporate value is increasing every year.

With the aim of realizing a sustainable society, DHR positions ESG initiatives as one of its important management issues, and will continue to focus on them going forward. Furthermore, in response to social demands and in order to strengthen the bond of trust with unitholders and achieve sound growth, DHR plans to continue striving toward establishment of a highly-effective compliance system and highly-transparent management system by ensuring thorough compliance positioned as a basic principle.

Sustainability Target

The Asset Manager considers efforts such as energy conservation and reducing greenhouse gas emissions in relation to asset management to be serious environmental issues. As such, it establishes individual policies and strives to reduce the burden it puts on the environment.

Furthermore, we have established the following reduction target (medium to long term) for energy consumption.

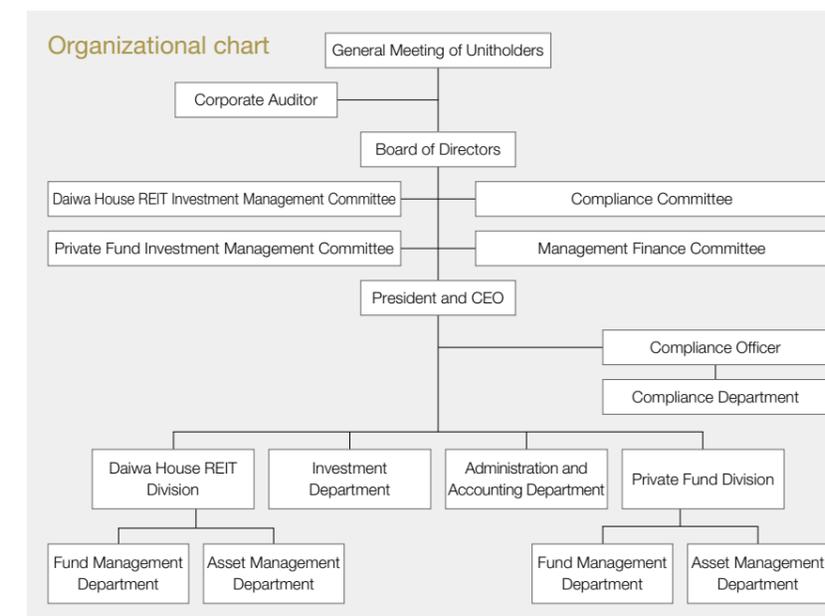
For individual properties, reduce energy consumption and CO₂ emission intensity by 10% in the ten years from 2018 to 2027

Indicator	Annual target	Long-term target (over the ten-year period from 2018 to 2027)
Energy consumption	1% reduction of intensity	10% reduction of intensity
GHG emissions	1% reduction of CO ₂ emission intensity	10% reduction of CO ₂ emission intensity
Water consumption	-	Reduction of consumption rate to the consumption intensity of fiscal year ended March 2018 (base year) or less
Waste management	-	Improvement of recycling rate to the rate of fiscal year ended March 2018 (base year) or higher

*Targeted at properties designated by the Asset Manager's Sustainability Committee or its secretariat.

Promotion System

To promote awareness of ESG based on the Sustainability Policy, the Asset Manager is working to secure an appropriate system for promoting sustainability. To do this, it established the "Regulations Concerning the System for Promoting Sustainability" and rules regarding topics such as internal framework, collaboration with stakeholders, and information disclosure policy. In addition, a meeting of the Sustainability Committee is held at least once every three months, in principle, to examine goals and measures related to sustainability. The Asset Manager is working to achieve these goals and implement various measures. Moreover, in principle, the Head of the Sustainability Committee annually directs the Committee to assess the status of all sustainability initiatives and to review them as necessary.



Sustainability Committee

Committee Head:
President and CEO

Operating officer:
Director in charge of Administration and Accounting Department

Members:
All Managing Directors, all General Managers, the Compliance Officer and other selected officers and employees

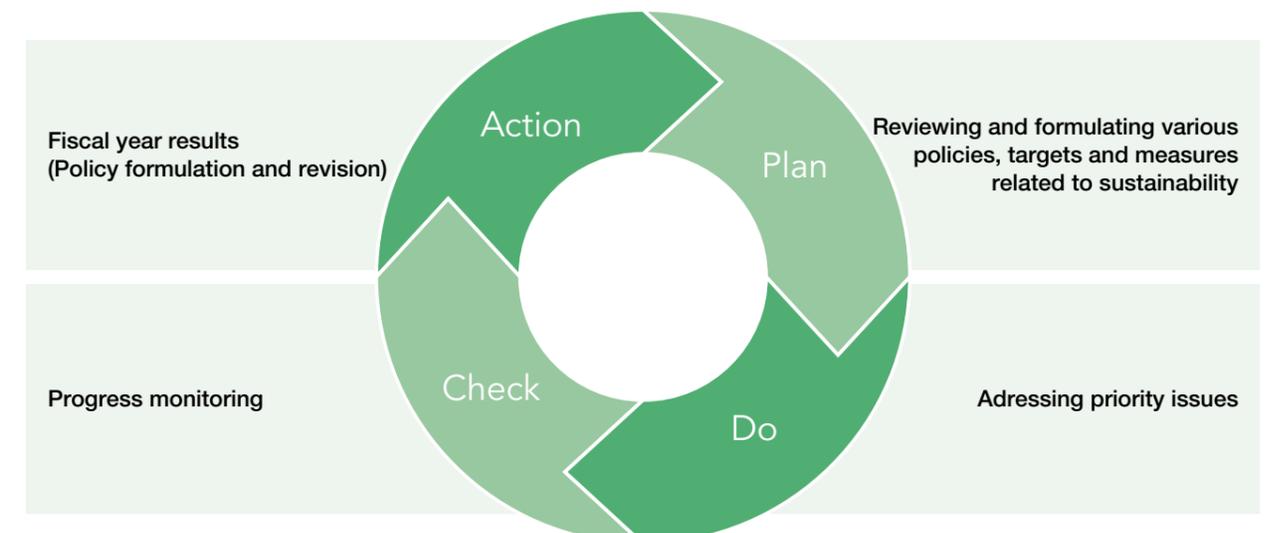
Frequency of meetings:
At least once every three months in principle

Function and role:
Reviewing and formulating various policies, targets and measures related to sustainability, and reporting to DHR Board of Directors as necessary

Number of Sustainability Committee meetings held

Fiscal year ended March 2018	Fiscal year ended March 2019	Fiscal year ended March 2020	Fiscal year ended March 2021
6	6	6	5

Concept of Sustainability Promotion Based on the PDCA Cycle



Materiality and SDGs

Materiality Identification Process

In 2021, DHR identified ESG-related materiality through the following process.

Step 1 Extracting sustainability issues

Sustainability issues related to DHR were extracted using various global ESG assessments, sustainability disclosure standards, and the SDGs.

Step 2 Setting priority rankings

We set priority rankings from the extracted issues by verifying the state of DHR's disclosure and response and through interviews with management of the Asset Manager.

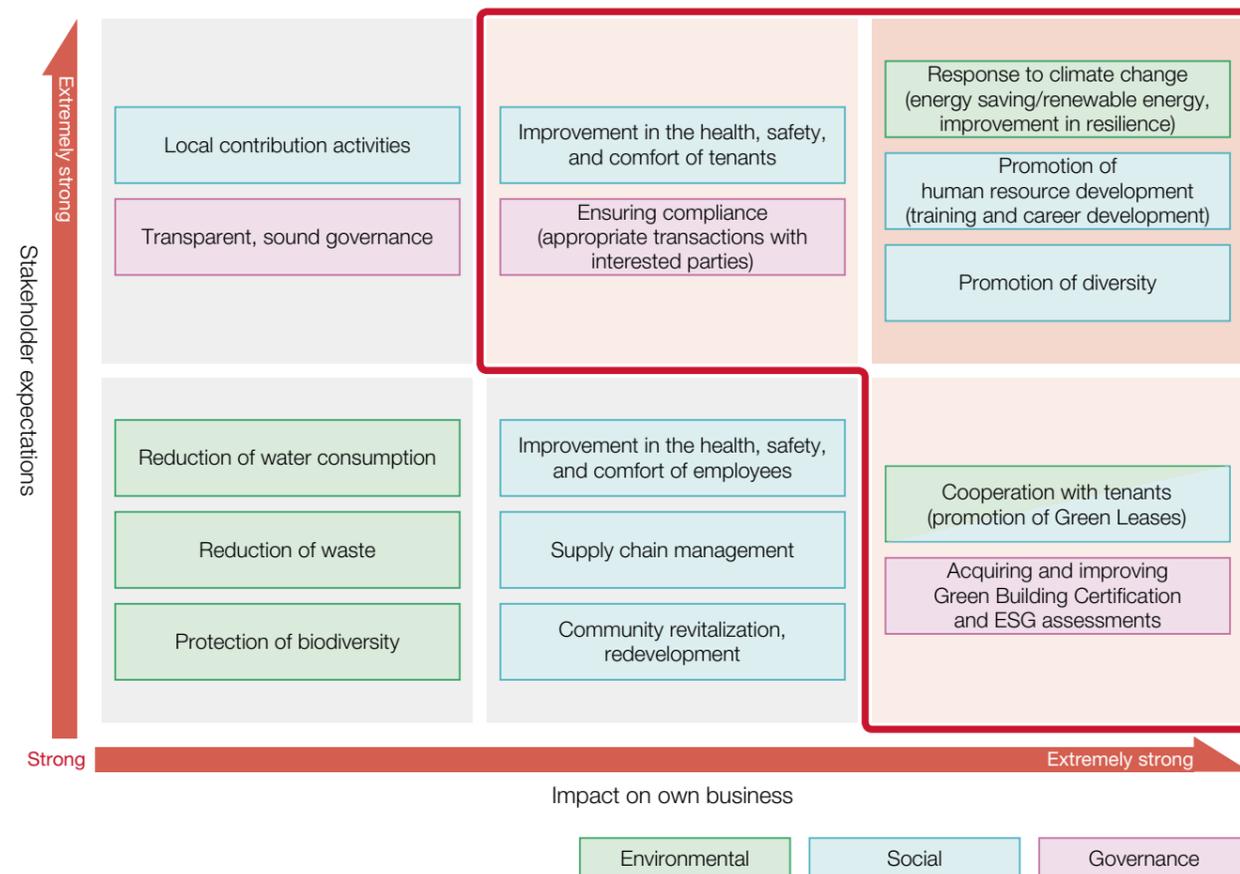
Step 3 Confirming validity

To ensure objectivity, CSR Design Green Investment Advisory Co., Ltd. reviewed our "selection process" and "identified materiality."

Step 4 Discussions and approval by management

Discussions were held and approval was made by the Sustainability Committee.

The items below are deemed important by DHR in terms of DHR's asset characteristics and management policy, and do not signify importance as social issues.



Identified Materiality

	Materiality	Goals related to the main SDGs	Goals indirectly related to the SDGs
Environmental	Climate Change <ul style="list-style-type: none"> Energy efficiency (energy saving) Promotion of reduction of greenhouse gas emissions (renewable energy) Improvement of building resilience Cooperation with tenants (promotion of Green Leases) 		
Social	Employees and tenants <ul style="list-style-type: none"> Human resource development (training and career development) Promotion of diversity Improvement in the health, safety, and comfort of tenants Cooperation with tenants (promotion of Green Leases) 		
Governance	Employees and tenants <ul style="list-style-type: none"> Ensuring compliance (appropriate transactions with interested parties) Acquiring and improving Green Building Certification and ESG assessments 		

Third-party written opinion on materiality with respect to Daiwa House REIT Investment Corporation

Daiwa House REIT Investment Corporation, which serves as a J-REIT of the Daiwa House Group, along with its asset manager Daiwa House Asset Management Co., Ltd. (hereinafter collectively, "DHR") have established issues of materiality associated with preparation of this Sustainability Report. Having already put in place its Sustainability Policy and a system for promoting sustainability, DHR has been steadily promoting ESG initiatives, which has culminated in it having gained "4 Stars" rating under the GRESB Real Estate Assessment for 2020. Meanwhile, DHR is now opting to specify issues of materiality in order to clarify orders of priority for implementing initiatives going forward. This involves assigning levels of importance to ESG issues based on stakeholder expectations and the impact of such initiatives on the company's business.

The process of establishing issues of materiality was carried out as follows.

- Prepared a long list of issues derived from various ESG assessments, sustainability disclosure standards, and SDGs
- Verified the state of DHR's disclosure and response with respect to each item on the long list
- Prepared an intermediate list upon analyzing content in terms of item redundancy in the ESG assessments and the state of DHR's response
- Conducted interviews with three of DHR's C-level executives (CEO and officers in charge of sustainability-related domains) based on the intermediate list
- Prepared a short list and issues of materiality taking into account managerial perspectives gained in the course of conducting the interviews

There were certain distinguishing characteristics of this process. For instance, step (3) enlisted an approach whereby those items for which the company had not made progress were assigned high degrees of materiality from the perspective of risk exposure, which extended beyond the notion of gaining an understanding of stakeholder expectations from ESG assessments and other external benchmarks. Meanwhile, step (4) involved interviewing three C-level executives on an individual basis (CEO and officers in charge of sustainability-related domains), which explicitly revealed priority matters from the perspective of management, particularly in terms of developing human resources, addressing climate change, and cooperating with tenants. Under step (5), the issues of materiality were ultimately narrowed down to seven items, but another eight items will require attention on par with that placed on the issues of materiality.

In terms of ESG content, addressing climate change under environmental (E) component involves the worthy aim of taking action by making buildings more resilient, beyond merely reducing carbon dioxide emissions. Meanwhile, efforts under social (S) component are distinctive in that DHR will place top priority on developing human resources with emphasis on "develop people through business," serving as a member of the Daiwa House Group. Efforts under governance (G) component are important given that the notion of engaging in appropriate business dealings with interested parties under a J-REIT structure is a matter of high priority from the perspective of stakeholders.

Going forward, it will be desirable to track progress upon having set quantitative KPIs and targets for each item of the issues of materiality to the extent possible. In particular, it is hoped that DHR will consider options that involve setting more aggressive reduction targets looking toward the years 2030 and 2050, serving as a member of the Daiwa House Group which is committed to taking swift action with respect to efforts such as the RE100, TCFD and SBT initiatives, in alignment with Japan's carbon neutral declaration.

CSR Design Green Investment Advisory Co., Ltd.
Co-founder and CEO
Ryuichi Horie

Sustainability Policy

— Sustainability Policy

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

1. Prevention of global warming

We will promote energy conservation measures through the installation of energy conservation equipment and so forth to realize a carbon-free society. We will also consider introduction of renewable energy power generation facilities and acquisition of properties that have such equipment installed.

2. Harmony with the natural environment (preservation of biodiversity)

We will aim for a society that is able to pass on abundant natural resources to future generations in order to protect and improve natural capital. We will also promote planting and management considering harmony with the surrounding environment.

3. Conservation of natural resources (protecting water resources, reducing waste)

We will work towards the realization of a recycling-oriented society by promoting water conservation measures through the installation of water conservation equipment. We will also promote 3R activities (reduce, reuse, and recycle) for resources.

4. Prevention of chemical pollution

We will aim to realize a society where people and ecosystems do not suffer adverse effects from chemical substances by promoting reduction, substitution and appropriate management of harmful chemical substances when managing real estate, and taking efforts to minimize risks.

5. Establishment of an internal framework and initiatives for employees

We will establish an internal framework for promoting sustainability and take steps to develop personnel by conducting regular education and training for officers and employees. We will also aim to create workplaces where people can work safely and healthily, and workplaces where diverse employees can work flexibly.

6. Building of trust relationships with external stakeholders

We will aim to build trust relationships with external stakeholders and we will work on our suppliers to enhance the satisfaction of tenant customers and promote CSR in our supply chain. We will undertake neighborhood co-existence activities with local residents.

7. Promotion of communication through information disclosure

We will proactively disclose ESG-related information and utilize dialogues with stakeholder such as investors in our future business activities. Furthermore, we will aim for continuous acquisition of Green Building Certification.

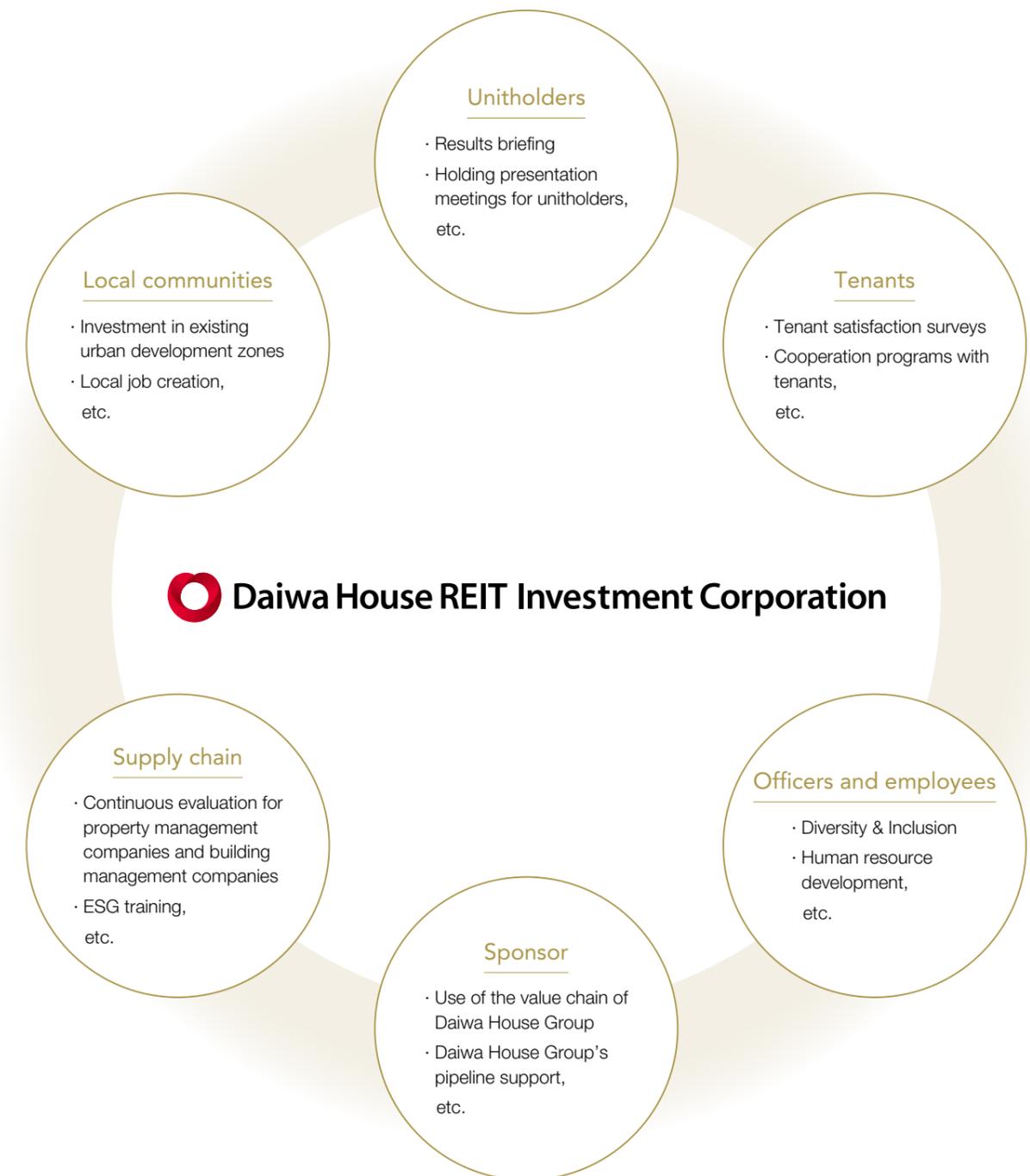
8. Compliance with laws and regulations, and risk management

We will comply with ESG-related laws and regulations. Moreover, we will strive to implement appropriate risk management, such as giving consideration for the environmental and social impacts in risk evaluations when acquiring real estate and promoting awareness of human rights.

Stakeholder Engagement

— Basic Approach

DHR conducts its business and other activities through interactions with its various stakeholders, including not only unitholders, tenants of properties, local communities, supply chains, etc., but also officers and employees of the Asset Manager and the sponsor. DHR aims for sustainable growth through building long-term relationships and actively communicating with stakeholders.



Supported Initiatives and External Evaluation

— Signing on to Principles for Responsible Investment (PRI)

The “Principles for Responsible Investment (PRI)” is an international network of institutional investors working to realize the following six principles. The PRI is supported by the United Nations Environment Programme Finance Initiative (UNEP FI) and the United Nations Global Compact (UN Global Compact). The investors who are signatories to the PRI declare to include ESG issues into investment decisions, and while helping the beneficiaries enhance long-term investment performance and fulfilling their fiduciary duty as signatories, they aim to create an abundant world for all stakeholders.



<The six Principles for Responsible Investment>

1. We will incorporate ESG issues into investment analysis and decision-making processes.
2. We will be active owners and incorporate ESG issues into our ownership policies and practices.
3. We will seek appropriate disclosure on ESG issues by the entities in which we invest.
4. We will promote acceptance and implementation of the Principles within the investment industry.
5. We will work together to enhance our effectiveness in implementing the Principles.
6. We will each report on our activities and progress towards implementing the Principles.

The Asset Manager agreed with the basic approach of the PRI and became a signatory in February 2021.

— Participation in CDP Climate Change Program

» CDP

CDP is an international non-profit organization that encourages companies and governments to disclose information on measures for such environmental issues as climate change, water security, and forests, based on requests from global institutional investors and major purchasing companies that are promoting a transition to a carbon-free society. In 2020, over 9,600 global companies disclosed information on their measures for environmental issues through CDP, making CDP one of the global information disclosure platforms for environmental information disclosure.

» CDP Climate Change Program Assessment

CDP assessments are provided across four consecutive levels, which are broken down into eight-tier score bands. The levels are: Leadership level (A and A-), Management level (B and B-), Awareness level (C and C-) and Disclosure level (D and D-). DHR responded to CDP Climate Change Questionnaire for the first time in 2020 and achieved an “A-” score of the highest Leadership level, as CDP recognized DHR for its leadership role in climate change initiatives and information disclosure.

» CDP Supplier Engagement Rating

The CDP Supplier Engagement Rating is determined through responses from companies engaged in corporate initiatives against climate change throughout their value chain in the four areas of “supplier engagement,” “governance,” “scope 3 emissions” and “targets,” as well as their overall CDP Climate Change Program score. In 2020, CDP listed approximately 400 companies, including approximately 80 Japanese companies, on the Supplier Engagement Leaderboard out of approximately 5,800 companies subject to evaluation, as recognition of the particularly excellent initiatives of those companies. DHR participated in the CDP Climate Change Program for the first time in 2020 and made it onto the Supplier Engagement Leaderboard as the first listed J-REIT to be named.



— Participation in GRESB Real Estate Assessment

» GRESB

GRESB is an annual benchmarking assessment to measure ESG integration of real estate companies and funds, as well as the name of the organization which runs the assessment. It was founded in 2009 by a group of major European pension funds who played leading roles in launching the Principles for Responsible Investment (PRI).



» GRESB Assessment

DHR began participating in the GRESB Real Estate Assessment in 2017. DHR received a GRESB “4 Stars” on a 5-star scale evaluation of the overall score relative to global participants in the 2020 assessment. Furthermore, DHR has received a “Green Star” assessment for three consecutive years as an excellent participant in both the “Management Component,” which evaluates policies and organizational structures to promote ESG, and the “Performance Component,” which evaluates the environmental performance of properties and initiatives with tenants. DHR also received an “A” rating, the highest rating given on a 5-grade scale in the GRESB Public Disclosure evaluation scheme for two consecutive years based on its proactive information disclosure practices related to ESG initiatives.

— SMBC Environmental Assessment Loan

» SMBC Environmental Assessment Loan

The SMBC Environmental Assessment Loan refers to a seven-tier scale assessment system as part of the loan origination process, with “AAA” as the highest rating, that assesses the level of environmental consciousness of a company based on proprietary assessment standards set by Sumitomo Mitsui Banking Corporation and The Japan Research Institute, Limited.



[Overview of assessment]

We received an “A” rating for our environmental initiatives, having earned high evaluation in the areas of “environmental management,” “environmental communication” and “environmental conservation policy initiatives.”

— MUFG ESG Rating Certificate for J-REITs supported by JCR

» MUFG ESG Rating Certificate for J-REITs supported by JCR

MUFG ESG Rating Certificate for J-REITs supported by JCR is a product exclusively for J-REITs that Mitsubishi UFJ Research and Consulting Co., Ltd. awards on a five-tier scale with “S” as the highest rating by assessing the ESG measures, with the support of Japan Credit Rating Agency, Ltd. (JCR).

[Overview of assessment]

Our broad-based initiatives in all areas of ESG were highly evaluated in the assessment, and DHR and the Asset Manager acquired an “S” rating (the highest).

— EcoAction 21 Certification and Registration Program

» EcoAction 21 Certification and Registration Program

EcoAction 21 Certification and Registration Program is a third-party evaluation program to certify and register organizations which implement appropriate environmental initiatives, establish, operate, and maintain environmental management system, and promote environmental communication in accordance with the EcoAction 21 Guidelines formulated by the Ministry of Environment.

The Asset Manager was certified and registered in March 2020.



Environment

— Environmental Targets

DHR's asset manager, Daiwa House Asset Management Co., Ltd., recognizes matters such as energy saving and the reduction of greenhouse gas ("GHG") emissions in asset management operations as important environmental issues and has created individual policies to reduce the environmental burden.

Furthermore, we have established the following reduction target (medium to long term) for energy use.

Target for the ten year period from 2018 to 2027 in regard to individual properties

- » 10% reduction of energy consumption intensity
- » 10% reduction of CO₂ emission intensity

— Long-term Environmental Vision of "Challenge ZERO 2055"

Looking ahead to 2055, which marks the 100th anniversary of the foundation of Daiwa House Industry Co., Ltd. (hereinafter referred to as "Daiwa House"), the Daiwa House Group formulated a long-term environmental vision of "Challenge ZERO 2055" in fiscal year ended March 2017. The Daiwa House Group aims to realize a sustainable society in accord with its Group Management Vision of being a Group that co-creates value for individuals, communities and lifestyles. It will challenge to reduce its environmental impact to zero with respect to four environmental priority themes (mitigation of and adaptation to climate change, harmony with the natural environment, conservation of water and other natural resources, and prevention of chemical pollution) through the three stages of procurement, business activities, and products/services.



— Establishment of EMS Operation Manual

In managing DHR's properties, the Asset Manager continuously endeavors to reduce environmental burden by setting environmental targets related to energy consumption, GHG emissions, water consumption and waste, obtaining results, analyzing the results against targets and implementing corrective measures and improvements through an PDCA (plan-do-check-act) cycle in accord with an EMS Operation Manual that provides detailed instructions on implementing policies on objectives such as saving energy, reducing GHG emissions, conserving water and managing waste.

In operating the environmental management system, the Asset Manager complies with applicable environmental laws and regulations and other environmental requirements.

» Violations of environmental laws and regulations and environmental accidents

There were not any significant violations of environmental laws and regulations or significant environmental accidents at DHR's properties that would affect stakeholders. (Fiscal year ended March 2021)

Climate Change

— Sustainability Policy

In recent years, unusual weather events, thought to be caused by global warming, are occurring globally and in all regions of Japan. Believing that initiatives to reduce greenhouse gas emissions are important measures to mitigate this effect, we are promoting initiatives to reduce the impact on climate change from the asset management of DHR's properties.

— Governance

» Discussion and guidance on strategy, discussion and guidance on major action plans, discussion and guidance on annual budget, discussion and guidance on business plan, and monitoring of results

The Sustainability Committee is attended by the President and CEO of the Asset Manager. At the committee, a review is conducted on strategies for sustainability, including the response for climate related issues. An annual business plan is formulated based on those strategies, and an action plan for its implementation is considered. In addition, the committee confirms the progress status relating to the plan's implementation, including its budget, and reflects those findings in the proposal for the next year's strategy.

» Monitoring of major capital expenditures, acquisition and sales

This is formulated based on the content of the climate related issues discussed at the Sustainability Committee.

» Discussion and guidance on risk management policies

The Compliance Committee is attended by the President and CEO of the Asset Manager. At the committee, policies are decided and results are assessed.

» Setting performance targets

The Board of Directors, which is attended by the President and CEO of the Asset Manager, sets performance targets and assesses the results. By incorporating the climate related issues into "strategy," "major action plans," "risk management policy," "annual budget," "business plan," etc., the monitoring of the issue of climate change conducted at the Board of Directors of the Asset Manager and the Board of Directors of DHR is functioning effectively. For example, it is monitored whether the targets such as reduction of GHG emissions are proceeding according to plan. Discussion and guidance on plans and policies, etc. are reported monthly at the Board of Directors of the Asset Manager and the Board of Directors of DHR as activity reports relating to sustainability, including the issue of climate change.

— Strategy

In addition to many environmental risks concerning not only climate change but also resource and water security, environmental pollution, etc., DHR and the Asset Manager directly face other risks such as competition related risk, real estate related risk, and business diversification related risk. While recognizing climate change risk as a risk that could pose one of the biggest impacts in the medium to long term, we also identify such risks as areas of potential, and incorporates them in our overall risk management process.

Climate Change

Property Assessments Based on Hazard Maps

At the beginning of each period, DHR assesses portfolio properties held as of the end of the previous period, taking into account a matrix analysis based on stability and profitability.

In these property assessments, the disaster risk is converted into a score utilizing a hazard map as the climate change risk.

Countermeasures Against Large-scale Flooding

» DPL Nagareyama I

DHR has entered into an “Agreement on Use as Temporary Evacuation Facility in Event of Disaster” with Nagareyama City, Chiba. This agreement allows the city to use DHR property DPL Nagareyama I as a temporary evacuation facility for nearby residents and others in the event of large-scale flooding or other disaster.

The purpose of this agreement is to ensure safety in the event that the Edogawa River, which runs through the city, overflows due to torrential rains, etc., by temporarily taking in nearby residents and employees of companies in the Nagareyama Industrial Park until an evacuation center can be opened.

The latest BCP measures have been implemented at DPL Nagareyama I, including a seismic isolation structure and back-up power supply. The on-premises parking lot, vehicle passageways on each floor (total floor area of 3,000 m² per floor), the cafeteria, and daycare center can serve as temporary shelters for up to 1,200 people in the event of a disaster, and it also keeps emergency supplies for 500 people.

In addition, there are ramps for accessing the vehicle passageways on each floor, and these can be used by evacuees arriving by car to get to the top floors while remaining in their cars. This allows quick evacuation, and with evacuees remaining in their cars, it can prevent the spread of COVID-19.

Greening and Countermeasures Against Heat Island Effect

DHR carries out efforts such as those below out of consideration for climate change at its properties.



Large-scale green area



Rooftop greening



Exterior greening/water-permeable paving

GHG Emissions

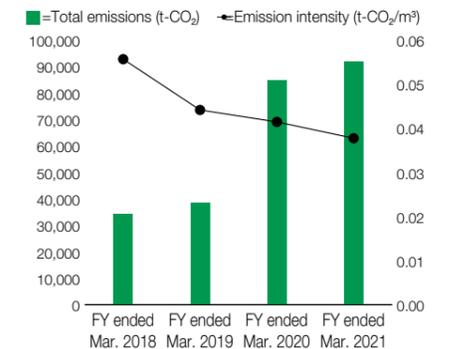
GHG Emissions

» Target (KPI)

Index	Yearly target	Long-term target (10-year period from 2018 to 2027)
GHG emissions	Reduce CO ₂ emission intensity by 1%	Reduce CO ₂ emission intensity by 10%

» GHG emissions

	Fiscal year ended March 2018 (Base year)	Fiscal year ended March 2019	Fiscal year ended March 2020	Fiscal year ended March 2021
Number of properties	143 properties	152 properties	190 properties	202 properties
Total emissions (t-CO ₂)	34,336	38,449	84,808	91,873
Emission intensity (t-CO ₂ /m ²)	0.0556	0.0441	0.0414	0.0377
Reduction rate of intensity (%)	-	-20.6%	-25.6%	-32.2%



*1 **Aggregation period:** The aggregation period is from every April to the following March. Results are updated annually in principle.

*2 **Calculation method:** Calculated using only DHR's properties for which the requisite data are available.

Intensity is calculated by dividing total electricity usage and CO₂ emissions by intensity denominator (gross floor area (m²)).

*3 Except for certain ones, these numbers are verified/assured by a third party based on International Standard on Assurance Engagements (ISAE) 3410 "Assurance Engagements on Greenhouse Gas Statements."

Solar Power Generation

» Introduction of solar power generation systems

Solar panels have been installed on the rooftops of logistics and retail properties owned by DHR, and DHR utilizes the renewable energy they generate.

	Number of properties	Power generated in fiscal year ended March 2020	Power generated in fiscal year ended March 2021
Solar power generation equipment installations	14 properties	16,419 MWh	16,319 MWh

*Amount of power generated is calculated only for properties with solar power generation equipment for which the requisite data are available.

» Use of electricity from biomass power generation

Electricity generated using environmentally friendly biomass power generation is used to satisfy some power demand at DHR's properties.

(Equivalent to 200 MWh of the power consumed from April 1, 2020 to March 31, 2021 at D Project Kuki I, Royal Parks SEASIR, Royal Parks Umejima, Super Hotel JR Nara Station Sanjo Street, and Nursery Room Berry Bear Omori Nishi Welcia Ota Omori Nishi Store.)

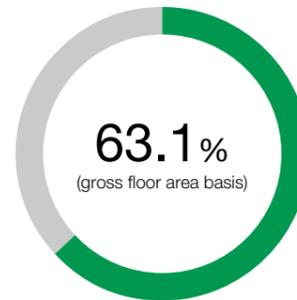


Environmental Certifications

Environmental Certifications

To increase the objectivity and reliability of DHR's initiatives in reducing the environmental burden of properties, DHR intends to increase medium- to long-term asset value and pursue the acquisition of third-party external certifications and evaluations. DHR's acquisition rate of environmental certifications is as follows. DHR plans to increase the percentage of properties with environmental certification (gross floor area basis) to 70% or more by the fiscal year ending March 2031.

Percentage of properties that have obtained environmental certifications



Status of environmental certifications¹

	Number of certified properties	Number of portfolio properties ² (Based on number of properties)	Percentage of certified properties (Based on number of properties)	Certified area (gross floor area ³)	Area in whole portfolio ² (gross floor area ³)	Percentage of certified properties (gross floor area basis)
Total of properties that have obtained environmental certifications	47	219	21.5%	2,087,781.40 m ²	3,306,700.02 m ²	63.1%
DBJ Green Building Certification	30	219	13.7%	1,643,027.79 m ²	3,306,700.02 m ²	49.7%
CASBEE for Real Estate Certification	12	219	5.5%	912,129.00 m ²	3,306,700.02 m ²	27.6%
BELS Certification	36	219	16.4%	1,651,893.61 m ²	3,306,700.02 m ²	50.0%

¹ The number of certifications is as of March 31, 2021.

² Excludes land properties.

³ Total floor area is based on the floor area provided on the inspection certificate of each property.

⁴ The percentage of properties that have obtained environmental certifications is rounded to the first decimal place.

DBJ Green Building Certification

DBJ Green Building certification is a certification system established by the Development Bank of Japan Inc. (DBJ) to support real estate that is environmentally and socially conscious (Green Building). It assesses and certifies properties that are required by society and the economy, based on a comprehensive assessment of environmental performance, disaster prevention, consideration of the community, and other actions taken for various stakeholders, and supports those efforts.

Main properties



Shibaura Island Bloom Tower



Royal Parks Hanakoganei



Royal Parks Wakabadai



iias Tsukubai



CASBEE for Real Estate Certification

CASBEE (Comprehensive Assessment System for Built Environment Efficiency) is a system for performing a comprehensive assessment of the overall environmental performance of buildings that is being developed and promoted in Japan under the guidance of the Ministry of Land, Infrastructure, Transport and Tourism.

CASBEE for Real Estate Certification is a system in which a third-party agency examines the CASBEE assessment of a building and certifies that it is accurate. The assessment is based on a four-scale system (S rating: ★★★★★ - B rating: ★★).



Main properties



D Project Hachioji



DPL Misato



ACROSSMALL Shinkamagaya



GRANODE Hiroshima

BELS Certification

Under the Act on the Improvement of Energy Consumption Performance of Buildings (Building Energy Conservation Act), real estate companies are required to make an effort to display the energy saving performance of buildings. The Building-Housing Energy-efficiency Labeling System (BELS) is a five-scale system (★★★★★ - ★) in which a third-party agency assesses the energy saving performance of a building based on the criteria established by the Ministry of Land, Infrastructure, Transport and Tourism.



Main properties



D Project Yashio



D Project Kakegawa



DPL Nagareyama I



FOLEO Otsu Ichiriyama

Environmental Certifications

Status of Environmental Certifications for the Portfolio

(As of March 31, 2021)

■ Logistics properties ■ Residential properties ■ Retail properties ■ Hotel properties ■ Other assets

Property number	Property name	DBJ Green Building 2020	CASBEE	BELS
LB-001	D Project Machida	★★★★★	★★★★★	★★★★★
LB-002	D Project Hachioji	★★★★★	★★★★★	★
LB-006	D Project Urayasu II	★★★★	★★★★★	★★
LB-008	D Project Noda	★★		★★★★★
LB-009	D Project Inuyama	★★★★		★★
LB-011	D Project Neyagawa			★★
LB-019	D Project Tosu			★
LB-020	D Project Kuki I	★★★★★		
LB-021	D Project Kuki II	★★★★★	★★★★★	★★★★★
LB-025	D Project Fukuoka Hakozaki			★★
LB-026	D Project Kuki III			★★
LB-027	D Project Kuki IV	★★★★★		★★★★★
LB-028	D Project Kuki V	★★★★★	★★★★★	★★★★★
LB-029	D Project Kuki VI			★★★★★
LB-030	D Project Yashio			★★★★★
LB-031	D Project Nishiyodogawa			★★
LB-035	D Project Kawagoe III			★★
LB-037	D Project Urayasu III	★★★★		★★
LB-038	D Project Tomisato	★★★★		★★★
LB-044	D Project Kakegawa	★★★★		★★★★★
LB-049	DD Project Chibakita			★★★★★
LB-050	D Project Matsudo II			★
LB-051	D Project Tomisato II	★★★★★		
LB-053	D Project Sendai Izumi II	★★		
LB-054	D Project Kaminokawa	★★★★		★★
LB-056	D Project Tosu III			★★★★
LB-059	D Project Kitahachioji III	★★		
LB-060	D Project Itabashi Shingashi	★★		
LB-062	D Project Kuki VIII			★★★★★
LM-001	DPL Misato	★★★★★	★★★★★	★★★★★
LM-002	DPL Fukuoka Kasuya	★★★★★	★★★★★	★★★★★
LM-004	DPL Nagareyama I	★★★★★	★★★★★	★★★★★
RE-043	Shibaura Island Bloom Tower	★★★★★		
RE-059	Castalia Tower Shinagawa Seaside			★★
RE-081	Royal Parks Toyosu	★★★★		
RE-094	Royal Parks SEASIR			★★
RE-107	Royal Parks Hanakoganei	★★★★★		
RE-109	Royal Parks Wakabadai	★★★★★		
RE-110	Pacific Royal Court Minatomirai Urban Tower	★★		★
RE-138	Royal Parks Namba			★★
RE-141	Castalia Ningyocho III			★★
RM-001	ACROSSMALL Shinkamagaya	★★★★	★★★★★	
RM-009	FOLEO Otsu Ichiriyama	★★★★	★★★★★	★★★★★
RM-012	ias Tsukuba	★★★★★	★★★★★	★★★★
HO-005	Candeo Hotels Nagasaki Shinchi Chinatown			★★★★★
OT-003	Naha Shin-Toshin Center Building (Daiwa Roynet Hotel Naha-Omoromachi)	★★★★		
OT-006	GRANODE Hiroshima	★★★★★	★★★★★	★★
Total		30 properties	12 properties	36 properties

Energy

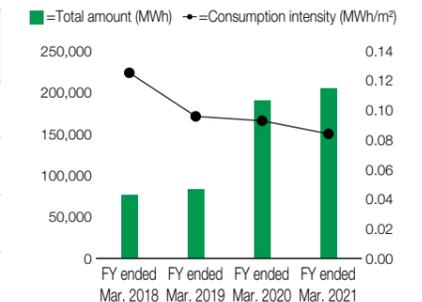
Energy Consumption

Target (KPI)

Index	Yearly target	Long-term target (10-year period from 2018 to 2027)
Energy consumption	Reduce consumption intensity by 1%	Reduce consumption intensity by 10%

Energy consumption

	Fiscal year ended March 2018 (Base year)	Fiscal year ended March 2019	Fiscal year ended March 2020	Fiscal year ended March 2021
Number of properties	143 properties	152 properties	190 properties	202 properties
Total amount (MWh)	76,440	83,491	190,299	204,817
Consumption intensity (MWh/m ²)	0.1253	0.0959	0.0929	0.0841
Reduction rate of intensity (%)	-	-23.5%	-25.9%	-32.9%



*1 Aggregation period: The aggregation period is from every April to the following March. Results are updated annually in principle.

*2 Calculation method: Calculated using only DHR's properties for which the requisite data are available. Energy consumption intensity and GHG emission intensity are calculated by dividing total electricity usage and CO₂ emissions by intensity denominator (gross floor area (m²)).

Promotion of LED Lighting

DHR is promoting conversion to LED lighting at its properties, in an effort to reduce energy consumption.

Example of conversion to LED lighting

[Example] December 2020

Conversion to LED lighting at D Project Tsuchiura

Logistics property

Estimated CO ₂ reduction	Estimated running cost reduction
-55.3% -165.7 tons/year	-63.6% -9,274 thousand yen/year

Energy Saving Measures

DHR is taking the following measures at its properties in consideration of the environment.



Water Consumption/Waste Management/Pollution Prevention

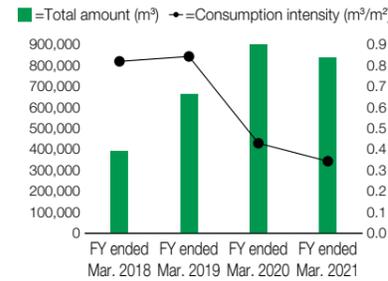
Water Consumption

Target (KPI)

Index	Yearly target	Long-term target (10-year period from 2018 to 2027)
Water consumption	-	Reduce consumption rate to the consumption intensity of fiscal year ended March 2018 (base year) or less

Water consumption

	Fiscal year ended March 2018 (Base year)	Fiscal year ended March 2019	Fiscal year ended March 2020	Fiscal year ended March 2021
Number of properties	142 properties	150 properties	190 properties	200 properties
Total amount (m ³)	391,637	666,764	900,955	840,857
Consumption intensity (m ³ /m ²)	0.8205	0.8438	0.4296	0.3438
Reduction rate of intensity (%)	-	2.8%	-47.6%	-58.1%



*1 **Aggregation period:** The aggregation period is from every April to the following March. Results are updated annually in principle.
*2 **Calculation method:** Calculated using only DHR's properties for which the requisite data are available.

Effective Use of Water Resources

At the large commercial complex, "ACROSSMALL Shinkamagaya," the ground around the property is stable, there is plenty of water, and the water quality is good. Therefore, after acquiring the property, DHR carried out construction to switch from tap water to groundwater at the property.
At the logistics property, "DPL Nagareyama I," DHR installed an automatic irrigation system that reuses rainwater to prevent plants from withering.



ACROSSMALL Shinkamagaya



DPL Nagareyama I

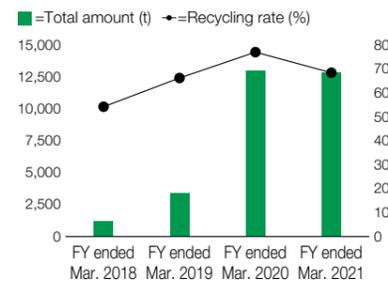
Waste Management

Target (KPI)

Index	Yearly target	Long-term target (10-year period from 2018 to 2027)
Waste management	-	Improve recycling rate to the rate of fiscal year ended March 2018 (base year) or higher

Waste management (recycling rate)

	Fiscal year ended March 2018 (Base year)	Fiscal year ended March 2019	Fiscal year ended March 2020	Fiscal year ended March 2021
Number of properties	6 properties	10 properties	41 properties	56 properties
Total amount (t)	1,202	3,398	12,990	12,836
Recycling rate (%)	54.2%	68.4%	77.0%	68.4%



*1 **Aggregation period:** The aggregation period is from every April to the following March. Results are updated annually in principle.
*2 **Calculation method:** Calculated using only DHR's properties for which the requisite data are available.

Pollution Prevention

Before adding any property to its portfolio, DHR shall conduct detailed environmental due diligence on the matters listed below. During the due diligence process, DHR comprehensively assesses the property's investment value, weighing its impact on DHR's overall portfolio, contribution to expected increase in value and other relevant considerations while consulting a fair real-estate appraisal by a third party with sufficient skill and experience in due diligence studies.

- Soil and ground conditions, buried objects, soil contamination, etc.
- Status with respect to hazardous substances (asbestos, PCBs, etc.)

Green Finance

The Daiwa House Group's basic approach is "Creating Dreams, Building Hearts." As a group that co-creates value for individuals, communities and people's lifestyles, the group aims to build trust relationships with stakeholders and contribute to society through its businesses, and to realize a sustainable society by meeting the challenge of achieving "zero environmental impacts."
DHR shares the basic stance of the Daiwa House Group and engages in Green Finance, including the issuance of Green Bonds, to further promote real estate investment management that considers ESG.

Green Finance Framework

Third-party evaluation

DHR has obtained a rating of "Green 1 (F)" for our Green Finance Framework. This is the highest rating offered in JCR Green Finance Framework Evaluations conducted by the third party, Japan Credit Rating Agency, Ltd. (JCR).
For details on this evaluation, see the JCR website at <https://www.jcr.co.jp/en/greenfinance/>

Eligibility criteria

Funds procured through Green Bonds or Green Loans are applied to the acquisition of eligible green assets that meet the eligibility criteria below, refinancing of those funds or funding or refinancing renovation work.

1. Eligibility criterion 1 (Eligible green assets)

Properties that have received or received one of the following three third-party certifications:

- DBJ Green Building Certification: 3 Stars, 4 Stars or 5 Stars
- CASBEE for Real Estate Certification: B+ rating to S rating
- BELS Certification: 3 Stars, 4 Stars or 5 Stars

2. Eligibility criterion 2 (Renovation work)

Renovation work that can reduce energy consumption, CO₂ emissions or water usage by 10% or more

Management of financing

The eligible green debt amount is calculated by multiplying the sum of the total acquisition price of eligible green assets and the total amount of renovation work that meets Eligibility criterion 2 (total amount of eligible green assets) by the interest-bearing-debt to total assets ratio (LTV) as of the end of the most recent fiscal period. This is the maximum amount for Green Finance.

Period	Fiscal period ended February 28, 2021
Total amount of eligible green assets (millions of yen)	300,861
LTV	42.0%
Eligible green debt amount (millions of yen)	126,361

Reporting

Reporting on status of fund allocation

	Balance (millions of yen)
Green Finance	15,000
Green Bonds	15,000
Green Loans	-

* Balance as of April 15, 2021.

Green Bonds

The following table provides information about DHR's status of fund allocation regarding Green Finance.

Name	Outstanding issue (Millions of yen)	Interest rate	Issue date	Maturity	Unallocated amount (Millions of yen)	Third-party evaluation
9th Unsecured Investment Corporation Bonds	6,000	0.53%	November 25, 2019	November 22, 2029	-	JCR Green Bond Evaluation "Green 1"
10th Unsecured Investment Corporation Bonds	2,400	0.34%	May 27, 2020	May 27, 2025	-	JCR Green Bond Evaluation "Green 1"
11th Unsecured Investment Corporation Bonds	1,600	0.64%	May 27, 2020	May 27, 2030	-	JCR Green Bond Evaluation "Green 1"
12th Unsecured Investment Corporation Bonds	1,000	1.00%	May 27, 2020	May 25, 2040	-	JCR Green Bond Evaluation "Green 1"
14th Unsecured Investment Corporation Bonds	4,000	0.50%	April 15, 2021	April 15, 2031	-	JCR Green Bond Evaluation "Green 1"

Impact reporting

DHR will annually disclose the following indicators on its website for as long as the funds procured through green finance are outstanding.

- Number and type of environmental certifications of portfolio assets**
See pages 18 and 20 for details.
- Water consumption**
- Electric power consumption (energy consumption)**
- CO₂ emissions (GHG emissions)**
See pages 17, 21 and 22 for details.

Environment-friendly Initiatives

Specific Initiatives for Renovation

» Efforts to increase attractiveness

Built in 1968, “Castalia Toritsudaigaku” is located in a popular residential area. Both the interior and exterior had become somewhat dilapidated, and its earthquake performance was designed according to the old standards. Most of the rooms were Japanese-style rooms as well, so they did not necessarily meet the needs of the tenants. Accordingly, in 2005, the floor plans were modified using the refinement method. Seismic retrofitting work was performed while leaving the existing frame in place, and the piping and housing equipment were completely replaced, making them more convenient and easy to use. With a bold and daring external design, the building was reborn as a rental property suited to modern lifestyles.



Castalia Toritsudaigaku

“Castalia Meguro Takaban” is located in a residential area with a quiet living environment. Built in 1969, the building is quite old, but renovations and seismic retrofitting work were performed in 2007. It has been fully updated, including the exterior walls, common areas, equipment in each room, and more. It has all the expected equipment and is well maintained. In addition, the fashionably designed exterior, interior equipment, and floor plans are on par with nearby competing properties that are relatively newer, so it has a standard level of competitiveness within its market area. In 2008, the property received the GOOD DESIGN AWARD.



Castalia Meguro Takaban

Introduction of Green Leases

Aiming to improve the environmental performance of properties through a collaborative effort with tenants, DHR is promoting green leases. In a green lease agreement, the building owner and the tenants jointly cooperate by proactively entering into agreements and memorandums of understanding regarding the reduction of the environmental burden of the property, such as through energy savings, and improvement of the workplace environment, and by putting the details of these undertakings into practice.

	Number of properties	Agreement conclusion percentage
Green lease agreements	195 properties	88.2%

*1 The information shown is based on the status of agreements as of March 31, 2021.

*2 Agreement conclusion percentage = Total floor area of properties for which a green lease agreement has been concluded/Total floor area of the entire portfolio (excluding land properties)

*3 Total floor area is based on the floor area provided on the inspection certificate of each property.

*4 The agreement conclusion percentage is rounded to the first decimal place.

Environmental Certification Initiatives in Properties Developed by Sponsor

In the fiscal year ended March 2021, Daiwa House, the sponsor, began promoting efforts to increase the percentage of its in-house developed properties with Green Building certification to 50% or higher in order to reduce their environmental impact. Progress is checked quarterly to improve these efforts. In particular, Daiwa House is enhancing its environmental efforts at large-scale properties by acquiring BELS and other certifications, primarily for logistics facilities that account for a large percentage of in-house developed properties.

Management of multi-use properties

Capitalizing on its status as a diversified REIT, DHR also owns multi-use properties. DHR believes multi-use properties help to reduce environmental burden and contribute to revitalizing neighborhoods and communities through such means as reducing travel distances between workplaces, shopping and other popular destinations.

Naha Shin-Toshin Center Building
(Daiwa Roynet Hotel Naha-Omoromachi)
(Office, hotel and retail facilities)



Acquisition of Environment-friendly Properties

The large-scale commercial complex “iias Tsukuba” was selected as an exceptional example in the “Commercial Facilities and Accommodations Category” of the “Energy-Efficient Lighting Design Awards 2012,” sponsored by the Ministry of the Environment, due to the work they underwent to change to LED lighting after opening in October 2008.

» Reducing energy and maintenance with full-scale introduction of LED lighting

Switching to LED lighting for everything from the hallways and indoor parking lot to outdoor signs, work areas other than the sales floor, and the restrooms reduced power consumption by around 68% compared to the old fluorescent lighting. Compared to fluorescent and incandescent lighting, LED lighting gives off less heat, helping to suppress rising room temperatures, which also contributes to saving energy on air conditioning.

Furthermore, consideration is also given to the maintenance aspect by using the suitable LED lights in each place, such as adopting long-lasting kinds of LED lights in outdoor signs installed on the top of the buildings where changing lights is difficult.



Hallways with LED lighting

» Lighting design conscious of the brightness of the space

Warm white lights are used for indoor lighting to produce a warm and relaxed atmosphere. Furthermore, our lighting design realizes energy conservation while ensuring brightness and safety by reconsidering illuminance levels for interior walkways and giving consideration to light leakage from shops and shop sign illumination.

These lighting designs create pleasant shopping spaces while making each shop’s display stand out. As a result, they provide a high level of satisfaction not only for customers but also for each shop.

About the “Energy-Efficient Lighting Design Awards”

Sponsored by the Ministry of the Environment, this award aims to spread “new energy-efficient lighting designs” that create attractive spaces while achieving excellent energy saving results, and to contribute to limiting peak demand of power consumption. The evaluation covers: (1) the results of installing energy saving lighting; (2) design, innovation, creativity, and comfort; (3) reproducibility, ability to contribute to the region, and autonomy as a model and (4) practicality, economic efficiency, etc. Furthermore, installation of solar power generation facilities and wall greening took place at this property. Going forward, DHR is promoting acquisition of environment-friendly properties.



Solar power generation equipment

Reduction of Truck Waiting Times With Introduction of Truck Berth Reservation System

Daiwa House, the sponsor, was the first* in the logistics developer industry to introduce an online system for truck drivers and transportation companies to reserve truck berths at all its logistics facilities. This made it easier for tenant companies in the logistics facilities developed by Daiwa House to make plans for in-facility work and movement of goods, improved the operational efficiency of the facilities, and reduced the environmental impact by shortening truck waiting times. We provide new services to our tenant shippers at our logistics facilities that incorporate the state-of-the-art technology.

*Daiwa House survey

Environment-friendly Construction Work

At the large-scale residential property, “Royal Parks Hanakoganei,” DHR replaced the underutilized mechanical parking lot with a flat parking lot capable of accommodating electric vehicles. In addition to reducing maintenance costs, this also reduced energy consumption, including the electricity used by the mechanical parking system when loading and unloading vehicles and the gasoline used by idling vehicles. Moreover, the installation of charging stands for electric vehicles, the future spread of which is expected, contributes to convenience for tenants.



Human Rights

Human Rights Policy and Approach

The Daiwa House Group Principles of Corporate Ethics stipulate “We respect basic human rights and the dignity of all people, and do not discriminate against anyone on the grounds of race, nationality, ethnicity, gender, sexual orientation, sexual identity, disability, age, creed, or social status.” In January 2018, the group established the Human Rights Policy of Daiwa House Group with understanding the corporate responsibility of respecting human rights as set forth in the UN Guiding Principles on Business and Human Rights. After receiving advice from outside experts, this policy was established by resolution of the Daiwa House Board of Directors in December 2017.

Training Program

The Daiwa House Group establishes every April a policy on human rights educational activities in the name of the Daiwa House president. All employees of the Daiwa House Group are required to participate in at least one training session per year so that each employee is able to engage in business activities with respect for the dignity and basic human rights of various stakeholders.

Hotline

Since 2004, the Daiwa House Group has been operating a hotline for in-house whistleblowing and consultation, while implementing regulations to protect whistleblowers (current Daiwa House Group Internal Reporting Regulations). The hotline is available and the regulations are applicable to all group employees regardless of their type of employment. In 2020, the service was renamed the “Corporate Ethics and Human Rights Hotline.” The hotline accepts not only reports of suspected or confirmed cases of breach but also reports of, and request for help and advice on, a variety of workplace- or human rights-related problems, thereby contributing to early detection and resolution of such problems.

In the process of working toward resolution, whistleblowing is accepted under anonymity. In the factual confirmation and investigation, privacy of not only the consulter but also employee(s) in question and third parties who cooperate in the investigation is respected. Along with such actions, hearings are held with the parties involved under strict confidentiality, and appropriate measures are taken to prevent recurrence. Once the problem has been resolved, a follow-up investigation is carried out to ensure, in some cases, that the reporter will not be subject to retaliatory treatment or that improvements have been made, thus always protecting hotline users.

As measures for recurrence prevention, information is shared among related worksites and departments via the persons in charge of the hotline at worksites to raise general awareness of the risks. Training programs are also organized to draw attention to such issues. In addition, points of contact for consultation for group employees have been put in place at the Sustainability Planning, Legal, and Human Resources Departments of Daiwa House, facilitating the detection of legal irregularities, violations of human rights, workplace problems, and the like. Several contact points are available within the company to lower the psychological barrier that employees may feel about reporting or seeking advice, thus easing the way for them to reach out at an early stage.

In addition, as with the Corporate Ethics and Human Rights Hotline, we accept issues relating to human rights via the Partners Hotline, which is a whistleblowing system for reports from business partners concerning the relationship between Daiwa House Group employees and business partners.

Total Number of Cases of Discrimination and Corrective Actions Implemented

At the branches and group companies of Daiwa House, human rights awareness-raising promoters are assigned to create a system to immediately respond to and report individual human rights problems. As for harassment, a sexual harassment prevention expert who is of a different gender than the human rights awareness-raising promoter is selected for each branch for easier access to consultation. In the fiscal year ended March 2020, there were 22 reports received from the branches of Daiwa House, and none of these were determined not to require relief.

* In addition to reporting to the main organization, we operate the Corporate Ethics and Human Rights Hotline, an internal whistleblowing and consultation contact point for employees, and provide consultation on harassment issues.

Investor Relations Initiatives

DHR endeavors to ensure transparency in its asset management operations and disclose information that is easy to understand from the investor’s perspective in a fair, timely, and accurate manner so that investors can make investment decisions in accord with the principle of self-responsibility. DHR discloses information in compliance with the Financial Instruments and Exchange Act, Investment Trusts Act, and disclosure rules prescribed by the Tokyo Stock Exchange, Investment Trusts Association, Japan, etc. It also endeavors to proactively disclose even information not legally or otherwise required for disclosure if the information is deemed likely to influence investors’ investment decisions. Disclosure documents are posted on DHR’s website. Furthermore, DHR implements the following initiatives:

- (1) DHR provides IR News Mail Service to notify registered person by email of updates posted on DHR’s website.
- (2) In order to monitor the appropriateness of timely disclosure operations, the Compliance Department of the Asset Manager verifies the disclosure materials along with the time, date, and method of disclosure, and other relevant items immediately following timely disclosure. The result is then reported to the DHR Board of Directors.
- (3) By actively participating in presentation meetings for individual investors, DHR will provide the information necessary for investment decisions in an easy-to-understand manner.

Completed IR activities (including online meetings and telephone/web conferences)

(April 2020-March 2021)

Results briefings for domestic institutional investors and analysts	2 times
IR meetings for domestic institutional investors and analysts	133 times
IR meetings for overseas institutional investors	42 times
Presentation meetings for individual investors	1 time

Developing Human Resources

Policy on and Approach to Human Resources Development

As stated in its Company Philosophy (Corporate Creed), the Daiwa House Group aims to “develop people through business.” We believe that human resources are the group’s greatest assets. To take advantage of the abilities and unique talents of our employees and develop human resources capable of contributing to society, we implement various training and programs that combine on-the-job and off-the-job training.

For details on the Daiwa House Group’s approach and policies regarding human resources development, follow this link.



Developing Human Resources

https://www.daiwahouse.com/English/sustainable/social/employee/human_resource/

New Employee Training Program

To help new employees acquire operational knowledge as quickly as possible, the Asset Manager provides training on the following topics:

- Explanation of the operations of each department
- Compliance
- Insider trading regulations
- Human rights
- System-related risks
- Email use
- Etiquette
- Disaster prevention/crisis management
- CSR
- Basic knowledge related to buildings
- Basic knowledge related to J-REIT, etc.

Training on Operational Expertise

The Asset Manager provides training on the topics below to officers and employees (including fixed-term employees, temporary employees and part-time employees).

Item	Fiscal year ended March 2018	Fiscal year ended March 2019	Fiscal year ended March 2020	Fiscal year ended March 2021
Compliance training	7 times	8 times	9 times	12 times
Sustainability training	1 time	1 time	1 time	1 time
Information security training	2 times	2 times	2 times	2 times
Training for managers and above	0 times	0 times	1 time	0 times
Training for senior managers and group leaders	0 times	0 times	1 time	0 times
Real estate market training	4 times	5 times	5 times	5 times
New employee training	5 times	3 times	4 times	5 times
Other training	3 times	4 times	4 times	18 times
Architectural training	18 times	0 times	0 times	19 times

Active Roles Played by Older Employees

The Asset Manager promotes a system of re-hiring employees 60 years of age and older and is working toward the succession of expertise and the growth of future generations by employing persons with expert knowledge for the long-term.

Office Environment Improvement

Seeking to provide a pleasant workplace environment for all officers and employees, the Asset Manager have introduced and installed the following:

- Telecommuting system
- Loan laptop computers, mobile routers, and displays to employees
- System for choosing working hours
- Multiple large humidifiers
- Large monitors in each conference room

Initiatives for Officers and Employees

The Asset Manager sets up an internal program to promote sustainability and endeavors to develop its human resources by regularly conducting education and training sessions for officers and employees. Additionally, it aims to create workplaces where a diverse group of officers and employees can work safely, healthily and flexibly.

Labor/Management Relations

Labor-management relations at the Asset Manager have been harmonious, and there have been no large-scale mergers, acquisitions, or layoffs in the past three years.

In addition, the Asset Manager has entered into a labor-management agreement on overtime work (36 Agreement) with its employees, and strived to maintain the health of its employees by appropriately managing working hours.

Officers and Employees’ Violations/Accidents

There were no significant violations committed by or accidents involving the Asset Manager’s officers and employees that would influence stakeholders. (Fiscal year ended March 2021)

Target Management and Performance Evaluation Program

The Asset Manager runs a target management and performance evaluation program to (1) foster communication between superiors and subordinates, (2) strengthen human resource development, (3) increase motivation with respect to roles and results (performance), and (4) clarify evaluation criteria and gain better understanding of evaluations. Employee performance evaluations are determined by evaluation of performance benchmarked against individualized targets, evaluation of skills/conduct and a compliance evaluation. The issues for improvement are shared through the performance review and follow-up interviews. Additionally, “ESG initiatives in response to societal demands” was added as a performance evaluation criterion from the second half of fiscal year ended March 2019.

Support for Operational Skills Development and Training

The Asset Manager has established a system for providing funding for the registration and renewal of professional qualifications and a system for providing congratulatory payments for acquiring professional qualifications to encourage the acquisition of knowledge, qualifications, and licenses. The purpose is to increase the motivation of all employees (including fixed-term employees, temporary employees, and part-time employees) with respect to self-development, improve their abilities and talents, continuously and steadily secure human resources with the specialized skills necessary to contribute to the achievement of business objectives, and assess the environmental friendliness of DHR’s properties.

» Number of the Asset Manager’s employees with qualifications

(Total of 66 officers and employees as of March 31, 2021)

Item	Number of people with qualifications (*)
ARES (Association for Real Estate Securitization) Certified Master	26
Real Estate Transaction Agent	58
Real Estate Appraiser	2
First-Class Architect	2
Certified Real Estate Consulting Master	5
Office Building Manager	9
TOEIC score of 700+	8
CASBEE Accredited Professional for Buildings	2
CASBEE Accredited Professional for Real Estate	1

*Includes personnel who have passed the credentialing exam but are not yet credentialed.

Diversity and Inclusion

The Daiwa House Group is actively promoting the creation of workplaces in which diverse employees can work flexibly. For details on the Daiwa House Group's efforts to utilize diverse human resources, follow this link.



Initiatives for Utilization of Human Resources

<https://www.daiwahouse.com/English/sustainable/social/employee/diversity/>

Sustainability Survey for Employees

The Asset Manager recognizes human resources as its greatest asset and participates in the Sustainability Survey (formerly CSR Awareness Survey) conducted by the Daiwa House Group every year to verify how well the Principles of Corporate Ethics and Code of Conduct are being practiced in the workplace and the employment satisfaction level (100% response rate). The Asset Manager explains the survey results to officers and employees (including fixed-term employees, temporary employees and part-time employees), gives feedback, and encourages them to build a better workplace environment.

*Surveys and analyses are outsourced to third-party institutions.

Establishment of Health Committee

The Asset Manager has established a Health Committee that meets monthly to exchange opinions on the workplace environment and learn about health with the industrial physician in order to prevent health problems among officers and employees and maintain and promote their health. In addition, stress checks are conducted for the purpose of preventing mental disorders.

Personnel Data

Item	Fiscal year ended March 2018	Fiscal year ended March 2019	Fiscal year ended March 2020	Fiscal year ended March 2021
Total personnel ¹	59	61	60	59
Male personnel / percentage of total	44 / 74.6%	43 / 70.5%	42 / 70.0%	40 / 67.8%
Female personnel / percentage of total	15 / 25.4%	18 / 29.5%	18 / 30.0%	19 / 32.2%
Manager ¹ *2	24	21	22	27
Male personnel / percentage of total	24 / 100.0%	21 / 100.0%	21 / 95.5%	24 / 88.9%
Female personnel / percentage of total	0 / 0.0%	0 / 0.0%	1 / 4.5%	3 / 11.1%
New hires	8	2	2	13
Job leavers	0	1	7	2
Turnover ³	0.0%	1.6%	11.7%	3.4%
Monthly average overtime hours	13.7 hours	12.0 hours	12.8 hours	13.6 hours
Average tenure	4.4 years	5.0 years	5.5 years	5.1 years
Average days of annual paid vacation taken / paid vacation usage rate	12.2 days / 68.1%	12.7 days / 68.6%	12.5 days / 66.3%	13.1 days / 71.7%
Percentage of personnel who had health checkup	100.0%	100.0%	100.0%	100.0%
Occupational accident frequency rate ⁴	0.0%	0.0%	0.0%	0.0%

¹ Headcounts are as of April 1 of each fiscal year.

² Senior manager and above.

³ Turnover is the ratio of job leavers to total personnel using total personnel as of April 1 of each fiscal year.

⁴ Occupational accident frequency rate = (occupational injuries/fatalities ÷ total man-hours worked) × 1,000,000

Paying Fair Wages

The Asset Manager has established an evaluation-linked monetary compensation system by post classification and conducted appropriate assessments of performance. Bonuses are paid twice a year in the summer and the winter, and the amount is determined according to work performance. In the fiscal year ended March 2021, the average annual salary paid by the Asset Manager was 10,251,000 yen*.

*Average for full-time employees not including officers, fixed-term employees or employees on external assignment

Benefits and Welfare

The Daiwa House Group recognizes the importance of promoting good health among its workforce and thereby improving labor productivity through consistent measures to eliminate excessively long working hours and help employees manage their health. Based on such recognition, the Asset Manager has introduced employee leave/vacation programs such as the following in addition to celebratory event leave, bereavement leave, maternity/paternity leave, parental leave*, child caregiving leave and elder caregiving leave*.

*Contract workers can also take advantage of these programs.

Item	Description
Special paid vacation	Up to five days per year separately from annual paid vacation to promote employees' health, etc.
Accumulated paid vacation	Unused annual paid vacation days accumulate up to 20 days per year to a maximum of 100 days. Employees may use their accumulated paid vacation days as personal injury/sick leave, maternity/paternity leave, family caregiving leave or community co-creation leave
Family caregiving leave	Five days per year to care for ill family members (paid leave)
Community co-creation leave	Five days per year to participate in activities that contribute to society, training for such activities, etc. (paid leave)

Introduction of Cumulative Investment Unit Investment Program

In December 2013, the Asset Manager introduced a cumulative investment unit investment program in the aim of increasing the price of DHR investment units and further improving growth of DHR and medium- to long-term investor value by having officers and employees of the Asset Manager pay close attention to investment unit prices of DHR and raising their awareness of performance.

Introduction of Investment Unit Ownership Program

In November 2019, the Asset Manager introduced an investment unit ownership program of DHR for its officers and employees in response to the Japan Securities Dealers Association's issuance of guidelines on investment unit ownership programs in May 2018.

Daiwa House introduced an investment unit ownership program of DHR for its officers in November 2018, and for its employees in June 2020.

Human Resources Dispatched from Sponsor

The Asset Manager has received from the sponsor human resources with a wealth of experience in areas such as real estate sales transactions, leasing, property management, finance and IT system operations. For details on the Daiwa House Group's approach and policies regarding human resources development, follow this link.



Developing Human Resources

https://www.daiwahouse.com/English/sustainable/social/employee/human_resource/

Initiatives for Local Community

Local Job Creation

At some retail properties owned by DHR, local residents are given priority when applying for jobs.

Support for Community Activities

Some retail properties owned by DHR host events as one form of support for community activities.

The Asset Manager supports community co-creation activities, partly through “Community Co-Creation Leave Program” it has established to facilitate employees’ participation in activities that contribute to society, training for such activities and other

such endeavors. Community co-creation activities supported by the Asset Manager include (1) preservation of the natural environment (litter pickup activities, recycling movements), (2) education and youth development (school visits, experiential learning programs, athletic coaching), (3) social welfare (elder/juvenile/disabled welfare), (4) international cooperation (overseas volunteering, foreign language interpreting, etc.), (5) volunteer training and required credentialing programs (classes in invalid care skills, sign language), (6) community outreach (neighborhood association events) and (7) disaster relief activities. Specific activities include litter cleanup activities in response to calls from public park and facility management offices, participation in a book donation project, and volunteering for daily conversational practice for elderly Chinese returnees to learn Japanese conversation and interact with others in Japanese.

» FOLEO Otsu Ichiryama

“FOLEO Otsu Ichiryama,” a mall-type commercial facility owned by DHR, supports refugee relief activities by continuously providing at no cost a space for UN refugee supporter applications and fundraising activities. In December 2020, “FOLEO Otsu Ichiryama” received a letter of thanks from Japan for UNHCR.

» GRANODE Hiroshima

Hiroshima City collects entries from citizens for buildings, signs, activities, and more that make the city attractive and presents the most outstanding ones with the Urban Design Award Hiroshima. “Ekikitare,” a roughly 20-meter-wide and 100-meter-long space in the event square at “GRANODE Hiroshima,” received the 17th Urban Design Award Hiroshima in the Streetscapes category in 2020.

<Reasons for selection>

- (1) Located near Hiroshima Station, the land gateway to Hiroshima, the facility is a valuable space that can be utilized as an event square and creates new lively attractions, thereby contributing to the community.
- (2) It is highly convenient with the necessary infrastructure for events even though normally it is a quiet space with comfortable breezes. It is built in such a way that event organizers sense the spirit of hospitality.



Orchestral stage



Information on foster parent recruitment



Mama Marché (event for mothers and kids)



Disaster Relief/Resilience

» ACROSSMALL Shinkamagaya

The city of Shinkamagaya, Chiba, where “ACROSSMALL Shinkamagaya” is located, registers as “emergency communal wells” the wells that can provide well water to local residents when tap water supply is cut off in the event of a major earthquake or other disasters. In agreement with the intent of this program, DHR has registered the groundwater used at the property as an emergency communal well.



Investment in Existing Urban Development Zones

DHR enhances landscapes and local residents’ convenience through investments in properties developed through redevelopment, land readjustment or other such projects.

» Main properties



Pacific Royal Court Minatomirai Urban Tower



D Project Kuki I, II, III, IV, V, VII, FOLEO Shobu

Facilities for Senior Citizens

DHR invests in and owns facilities and housing (assisted living facilities, paid nursing homes, etc.) for senior citizens, which must be developed and expanded to address the progression of the aging society in Japan and for which there will continue to be a certain level of demand. In so doing, we aim to realize a society in which people can live with peace of mind.

Childcare Facilities

In June 2017, the Japanese government established the Plan for Raising Children with Peace of Mind and announced a policy for addressing the long waiting lists for childcare. DHR invites childcare facilities such as nursery schools and daycare centers to the properties as tenants to support child rearing.

Socially Conscious Initiatives

DHR promotes socially conscious facilities and services at its properties.



Accessible restroom



Accessible elevator



Accessible parking lot

Health and Well-being

» Health and welfare

DHR contributes to the health and well-being of tenants and users by installing fitness gyms and other facilities at its properties.



Fitness gym



Lounge



Play space for children

» Safety and well-being

At some DHR’s properties, we have installed and are maintaining plazas and pedestrian walkways to enhance public spaces and promote safety and well-being.

Naha Shin-Toshin Center Building
(Daiwa Roynet Hotel Naha-Omoromachi)



Community-related Violations and Accidents

There were neither significant community-related violations nor accidents at DHR’s properties that would affect stakeholders. (Fiscal year ended March 2021)

Initiatives for Tenants and Supply Chain

Tenant Engagement Programs

DHR promotes environmental initiatives in collaboration with tenants of its properties. At some properties, DHR regularly confers with tenants in the aim of sharing environmental information and reduction targets. Furthermore, initiatives are underway to increase awareness of environmental issues through distribution and posting of the sustainability guide.



Sustainability Guide

Initiatives to Increase Tenant Satisfaction

DHR conducts surveys to grasp tenants’ needs and satisfaction in the belief that increasing tenant satisfaction leads to stable and improved property-operating performance. The questionnaire results are shared with property management companies and used to improve building and facility specifications and services.

In a questionnaire given to the residents of 109 residential properties (6,946 units) in February 2021, around 80% of tenants said that they were “highly satisfied” or “satisfied” with the property overall, and in response to whether they would recommend the property to others, around 81% of tenants said that they would “definitely recommend” or “recommend” it.

Supply Chain Management

The Asset Manager has established Sustainable Procurement Policy as one of policies to implement individual directives listed in the Sustainability Policy. The Policy pertains to criteria for selecting products and services and selecting and evaluating suppliers (e.g., property management companies, service providers, goods suppliers). The Policy requires suppliers, in addition to promoting green procurement, to respect the human rights of officers and employees, to promote diversity in human resources and work-life balance, as well as to maintain policies and systems related to corporate ethics, such as the prevention of fraud and corruption.

Supplier-related Violations and Accidents

There were neither significant supplier-related violations nor accidents at DHR’s properties that would affect stakeholders. (Fiscal year ended March 2021)

Governance

Basic Approach to Corporate Governance

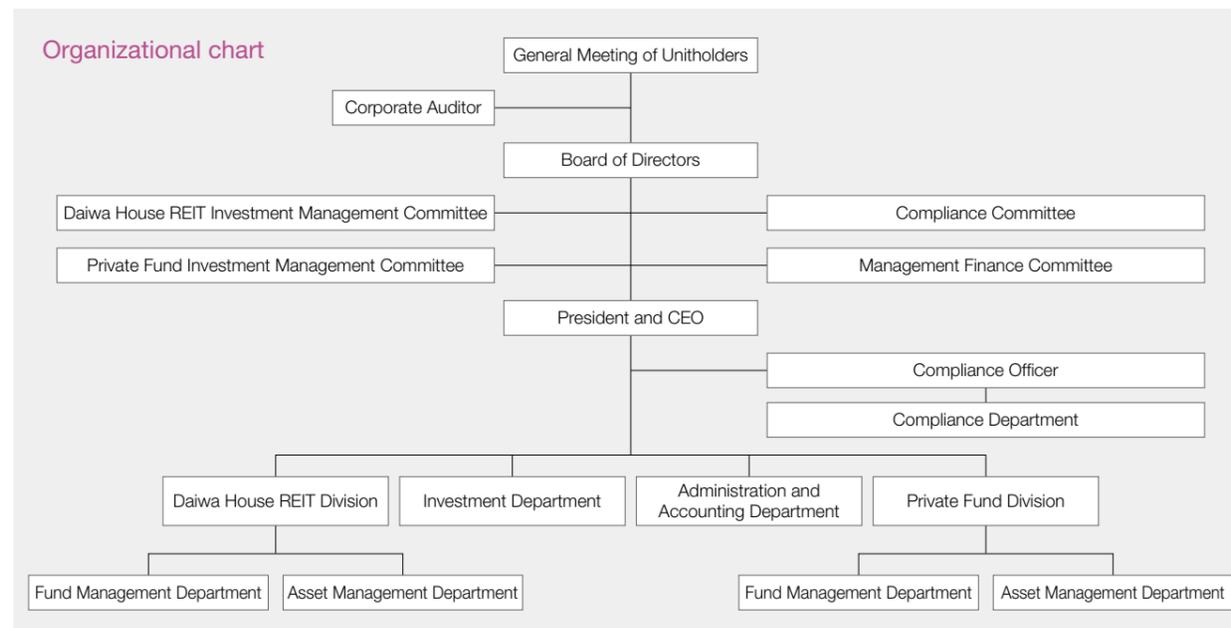
The Asset Manager has established the following governance-related guidelines in its internal Compliance Manual.

- (1) The Asset Manager is committed to thorough compliance as a fundamental management principle based on the realization that trust is its greatest asset and a keen awareness that compliance deficiencies can impair trust and, in turn, even undermine its management foundation.
- (2) Recognizing the importance of its societal mission and responsibilities in the national economy as an asset manager that manages investment corporations' assets, the Asset Manager will ensure compliance proactively and unremittingly.
- (3) By putting compliance into practice, the Asset Manager will contribute to the sound development of the economy and society, thereby elevating our reputation among investors and broadly gaining societal trust.

Corporate Governance Structure

The Asset Manager conducts asset management operations entrusted to it by DHR under the organizational structure below. The various operations of the Asset Manager are divided among the Compliance Officer, the Compliance Department, the Investment Department, the Fund Management Department in Daiwa House REIT Division, the Asset Management Department in Daiwa House REIT Division, the Fund Management Department in Private Fund Division, the Asset Management Department in Private Fund Division, and the Administration and Accounting Department. The Compliance Officer is in charge of the Compliance Department, while the Investment Department, the Fund Management Department in Daiwa House REIT Division, the Asset Management Department in Daiwa House REIT Division, the Fund Management Department in Private Fund Division, the Asset Management Department in Private Fund Division, and the Administration and Accounting Department are overseen by the respective directors in charge.

In addition, the Asset Manager has the Compliance Committee as the organization that deliberates on compliance, the Daiwa House REIT Investment Management Committee as the organization that deliberates on the acquisition, disposition and management of DHR assets, the Private Fund Investment Management Committee as the organization that deliberates on the acquisition, disposition and management of private fund assets, and the Management Finance Committee as the organization that deliberates on important matters related to the management plans of the Asset Manager.



Executive Directors and Supervisory Directors

Criteria / Reasons for election

The selection of candidates is based on the premise that they are not disqualified per the reasons set forth in various laws and regulations such as the Investment Trusts Act (Article 98 and Article 100 of the Investment Trusts Act and Article 244 of the Ordinance for Enforcement of the Investment Trusts Act). They are elected by resolution of the general meeting of unitholders based on the reasons for election below. The Board of Directors is currently comprised of persons with no special interest with DHR.

Title and post	Name	Reason for election	Attendance at meetings of the Board of Directors(Note)
Executive Director	Toshiharu Asada	Toshiharu Asada has a wealth of operational experience and knowledge not only in general finance but also in real estate. We have elected him as Executive Director based on his appropriate judgment pertaining to execution of business operations as well as his character and knowledge.	100% (12 / 12)
Supervisory Director	Tetsuya Iwasaki	Tetsuya Iwasaki is familiar with accounting and tax matters as a certified public accountant and enrolled agent. In addition, he has experience as an outside director at a listed company. We have elected him as Supervisory Director because we determined that he possesses the good character and knowledge necessary to supervise the execution of duties by Executive Director as a Supervisory Director and to perform his duties as a member of the DHR Board of Directors.	100% (12 / 12)
Supervisory Director	Hiroshi Ishikawa	Hiroshi Ishikawa is familiar with laws and regulations as an attorney-at-law. In addition, he has experience as an outside director at a listed company. We have elected him as Supervisory Director because we determined that he possesses the good character and knowledge necessary to supervise the execution of duties by Executive Director as a Supervisory Director and to perform his duties as a member of the DHR Board of Directors.	100% (12 / 12)

(Note) Attendance at meetings of the Board of Directors held during the fiscal periods ended August 31, 2020 and February 28, 2021 is indicated in terms of number and percentage.

Compensation of Executive Directors and Supervisory Directors

The maximum monthly compensation for an Executive Director shall be 800,000 yen, and the maximum monthly compensation for a Supervisory Director shall be 350,000 yen. The amount shall be determined by the Board of Directors based on what is deemed reasonable based on trends in general costs of living, wage trends, and other such factors.

Title and post	Name	Main concurrent positions	Total compensation per title	
			Fiscal period ended August 31, 2020	Fiscal period ended February 28, 2021
Executive Director	Toshiharu Asada	-	¥2,400 thousand	¥2,400 thousand
Supervisory Director	Tetsuya Iwasaki	Certified Public Accountant and Enrolled Agent, Citia Certified Public Accountant Firm Outside Director, Uoriki Co., Ltd.	¥2,100 thousand	¥2,100 thousand
	Hiroshi Ishikawa	Attorney, Ohhara Law Office Outside Director, Japan Medical Dynamic Marketing, INC.	¥2,100 thousand	¥2,100 thousand

(Note 1) The Executive Director and Supervisory Directors do not hold investment units of DHR under their own or another person's name. Any Supervisory Director may serve as an executive of a corporation other than those listed above, but such corporations including those listed above do not have any interest in DHR.

(Note 2) In regard to the liability set forth in Article 115-6, Paragraph 1 of the Investment Trusts Act, if a Director has acted in good faith and has not been grossly negligent in performing their duties, and it is deemed necessary considering the underlying facts, the status of the Director's performance of their duties, and other such circumstances, DHR may exempt them from liability to the extent allowed by law by resolution of the Board of Directors.

Compensation of the Audit Firm and the Asset Manager

Compensation of the Audit Firm

The maximum compensation for the audit paid to the Independent Auditor shall be ¥25,000 thousand per fiscal period subject to audit, and the amount shall be determined by the Board of Directors.

Title and post	Name	Total amount of compensation	
		Fiscal period ended August 31, 2020	Fiscal period ended February 28, 2021
Independent Auditor	Ernst & Young ShinNihon LLC	¥39,000 thousand(Note 2)	¥19,000 thousand(Note 3)

(Note 1) Dismissal or non-reappointment of the Independent Auditor shall be discussed at DHR's Board of Directors pursuant to the provisions of the Investment Trusts Act for dismissal, taking into full account all relevant factors for non-reappointment such as the quality of audits and compensation for audits.

(Note 2) Out of the ¥39,000 thousand, ¥22,500 thousand is compensation for preparation of comfort letters.

(Note 3) Out of the ¥19,000 thousand, ¥2,000 thousand is compensation for preparation of comfort letters.

Compensation of the Asset Manager

Item	Total amount of compensation	
	Fiscal period ended August 31, 2020	Fiscal period ended February 28, 2021
Management fees 1	¥816,575 thousand	¥830,824 thousand
Management fees 2	¥948,233 thousand	¥961,381 thousand
Acquisition/disposition fees	¥190,445 thousand	¥21,725 thousand
Total	¥1,955,253 thousand	¥1,813,931 thousand

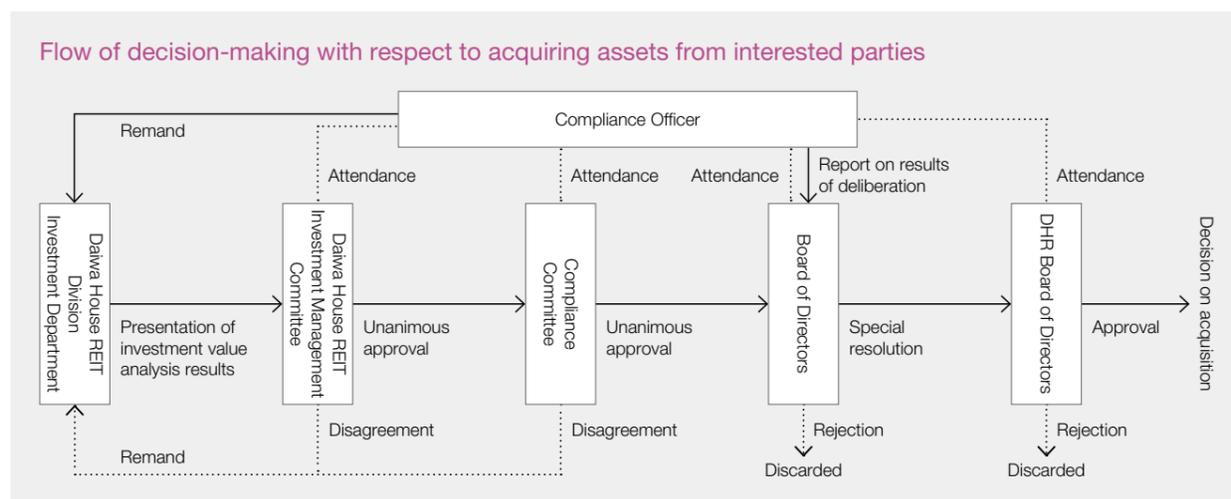
Governance

— Handling of Conflict-of-interest Transactions

» Policy and management structure for addressing conflict-of-interest transactions

The Daiwa House Group could significantly influence the decision-making of the Asset Manager and DHR. It is a close partner with the deepest understanding of the basic concepts at DHR. We recognize that proper coordination with these companies is a means to carry out our asset management operations more effectively.

On the other hand, close relationships among companies are in fact conducive to acts that potentially pose conflicts of interest. Recognizing that preventing conflicts of interest with the Daiwa House Group and other interested parties is one of the top compliance priorities in the asset management operations, DHR and the Asset Manager have established the following control system.



Under the regulations of the Asset Manager, when conducting transactions involving the acquisition, disposition, leasing, or outsourced management of portfolio, entering brokerage agreements related to these transactions or placing an order for construction thereof with an interested party more broadly defined than what is established by law, except when there are separate provisions for the transaction, the rule is that unanimous approval must be obtained at the Asset Manager's Investment Management Committee and Compliance Committee and then a resolution by the Board of Directors before such a transaction can be executed. In addition, at DHR, approval must be obtained from the DHR Board of Directors, which is comprised of Directors who are not Directors or employees of the Asset Manager. When acquiring portfolio assets from an interested party, in principle, the maximum acquisition price shall be the appraisal value, and when selling portfolio assets to an interested party, in principle, the minimum selling price shall be the appraisal value. Furthermore, from the standpoint of transparency, when DHR conducts certain transactions with interested parties, information is promptly disclosed in an appropriate manner in accordance with the regulations of the Asset Manager and various provisions of applicable laws.

In addition, the Asset Manager has appointed an attorney at law familiar with the Financial Instruments and Exchange Act who possesses a solid track record as an outside expert member of the Compliance Committee. At meetings of the Compliance Committee, the outside expert member provides various on-point opinions and advice from the standpoint of a neutral expert, including in discussions on transactions carrying the risk of a conflict of interest, thereby contributing to fair and appropriate discussions, ensuring that customer interests are not unduly harmed.

For details on corporate governance at the Daiwa House Group, follow this link.

 **Corporate Governance**
<https://www.daiwahouse.com/English/ir/governance/>

Compliance

— Compliance

» System for promoting compliance

The Asset Manager realizes compliance through the following system.

Organization/Title and post	Main role
Board of Directors	(1) Establish and revise compliance manuals and compliance programs as the decision-making body on fundamental matters related to promoting compliance. (2) Ask for reports on progress made on compliance from the Compliance Officer as necessary.
Compliance Committee	In principle, convened monthly and as necessary by the Compliance Officer for discussion of the agenda from the standpoint of compliance.
President and CEO	(1) Supervise introduction of basic compliance policies and programs. (2) Report to the Board of Directors on progress made on compliance at least every quarter and as necessary.
Compliance Officer	(1) Conduct overall compliance planning, drafting and promotion as the head of compliance. (2) Promptly report to the President/CEO and provide necessary suggestions or instructions to relevant departments whenever problems in the context of compliance arise or are likely to arise. (3) Independently review from a compliance standpoint transactions and decisions pertaining to management of DHR's assets as an entity independent of the Asset Manager's other internal organizations without being influenced by other internal organizations' judgments.
Compliance Department	Engage in work related to compliance promotion, internal audits, verification of risk management, and more under the supervision of the Compliance Officer.

» Establishment and practical implementation of Compliance Manual

The Asset Manager has established a Compliance Manual in the aim of increasing the soundness and reliability of its management and organization as the manager of DHR's assets and, in turn, earning the trust of unitholders and society by prescribing not only fundamental compliance-related principles by which its officers and employees should abide but also specific practical matters.

» Establishment of whistleblowing system and protections for whistleblowers

The Asset Manager has established a system for consultation and appropriate handling of reports related to acts that are (or could potentially be) problematic in terms of compliance, including organizational or individual legal violations and ethically questionable acts reported by whistleblowers based on the Whistleblower Protection Act and the Cabinet Office Guidelines for Private Businesses Concerning the Whistleblower Protection Act. Both internal and external points of contact are in place.

» Severance of relationships with anti-social forces and prevention of money laundering

The Asset Manager's Compliance Manual requires officers and employees to categorically reject all requests, both public and private, from anti-social forces that threaten the order and safety of civil society, including those for money and goods, donations, contributions, and subscriptions to informational magazines. In addition, officers and employees are to thoroughly verify the identity of customers, etc., keep transaction records, and report suspicious transactions as stipulated by the Act on Prevention of Transfer of Criminal Proceeds in order to prevent money laundering (hiding the source of profits from illegal acts).

» Compliance training

The Asset Manager works to enhance internal education and training so that officers and employees are able to pursue the best interests of investors. Specifically, when it comes to internal education, we utilize a group textbook that provides easy-to-understand explanations by means of various case studies in order to ensure that Daiwa House Group employees are able to engage in proper decisions and actions according to "With our customers" and the other elements of the Principles of Corporate Ethics and Code of Conduct in their routine operations. As for internal training, we carry out compliance training on a continual basis to ensure that all officers and employees are acutely aware of pursuing the best interests of investors. We also include an assessment of whether employees are taking action on compliance with a continual awareness of other social demands in their performance evaluations. In so doing, we seek to raise awareness among our officers and employees.

— Prevention of Corruption

» Policy

The Daiwa House Group has established a system to strictly prohibit and prevent corruption, such as bribery, money laundering, embezzlement, and other violations of the law. This includes the establishment of Anti-Bribery Regulations and Identity Verification Regulations. In addition, acts that encourage bribery or unfair trade or that are ethically unsound are prohibited by various policies and rules, such as our Principles of Corporate Ethics and Code of Conduct, even if they do not violate the law. In this way, we set forth rules for maintaining transparency in business operations and fairness in transactions.

The Asset Manager's Compliance Manual stipulates the following measures to prevent bribery and corruption.

- (1) Directors and employees must not provide nor accept entertainment, gifts, favors or other benefits beyond normal social etiquette under socially accepted idea.
- (2) Directors and employees must not provide any entertainment, gifts, favors or other benefits to any public servants, quasi-public servants or other such individuals.

— Problems Related to Bribery and Corruption

There were no serious problems related to bribery or corruption at the Asset Manager that would influence stakeholders. (Fiscal year ended March 2021)

Risk Management

Development Status of Readiness for Risk Management

The Asset Manager has prescribed Risk Management Regulations and Risk Management Implementation Guidelines regarding various risks that arise in the course of managing DHR's assets. It endeavors to manage risk based on a fundamental policy of comprehensively and accurately identifying risks, qualitatively and quantitatively measuring and appropriately assessing the identified risks' impacts on operations, formulating risk prevention measures, monitoring risk management status on an ongoing basis and formulating procedures for responding to risks when they surface. Additionally, the Asset Manager conducts annual internal audits to verify the appropriateness and effectiveness of readiness for the foregoing risk-management and implementation status of risk controls. The audit results are reported to the President and CEO. The Asset Manager is committed to ensuring that operations are conducted appropriately and soundly managed through such means as reporting to the Compliance Committee and Board of Directors as the occasion demands.

The risk management, improvements and other relevant matters are incorporated into annual Compliance Programs and reported to the Boards of Directors of both the Asset Manager and DHR.

Readiness for Risk Management

DHR and the Asset Manager recognize the existence of the above risks and have established the risk management system below in order to fully address such risks.

(1) Readiness for risk management

The Asset Manager has prescribed Risk Management Regulations and endeavors to manage risks based on a fundamental policy of comprehensively and accurately identifying risks, qualitatively and quantitatively measuring and appropriately assessing identified risks' impacts on operations, formulating risk prevention measures, and monitoring risk management status on an ongoing basis.

(2) Timely and appropriate information disclosure

DHR endeavors to develop the readiness to enable timely and appropriate disclosure of information to investors in compliance with the Investment Trusts Act and the regulations of the Tokyo Stock Exchange so that information needed by investors to make investment decisions in accord with the principle of self-responsibility can be appropriately and timely disclosed. The Fund Management Department in Daiwa House REIT Division of the Asset Manager is in charge of information disclosure.

(3) Thorough compliance

Timely and appropriate disclosure of the above must be the result of the operations of DHR and the Asset Manager being in compliance (in other words, sincere and fair corporate activities that are fully in line with social norms in addition to strict compliance with laws, regulations, internal regulations, and market rules). DHR and the Asset Manager have made the following preparations in relation to compliance as corporations that operate legally in accordance with the Investment Trusts Act as well as the Financial Instruments and Exchange Act.

The DHR Board of Directors is comprised of one Executive Director and two Supervisory Directors and supervises the execution of business by the Executive Director and the status of execution of services by the Asset Manager.

The Asset Manager's Board of Directors has established and implements Compliance Regulations and other regulations that set forth the roles of and other matters pertaining to the Board of Directors, the President and CEO, the Compliance Committee, the Compliance Officer, and the Compliance Department in order to ensure that operations are conducted in accordance with compliance requirements. In addition, various regulations are in place for systematic stipulation of the rules of conduct for officers and employees to ensure thorough compliance.

BCP

The Asset Manager establishes the necessary items for its disaster prevention and crisis management in relation to risks specified separately for natural disasters such as large-scale earthquakes, accidents, crimes, and other material facts. It has established an Emergency Response Manual for the purpose of preventing and avoiding risk, ensuring people's safety and reducing/mitigating damage in the event of a disaster, preventing secondary accidents, and facilitating the resumption of DHR's asset management operations as well as fulfilling its corporate social responsibility. Furthermore, to ensure continuity of payment and disclosure operations from the standpoint of the business continuity requirements to which financial instrument business operators are subject, the Asset Manager plans to operate in accordance with a BCP Execution Plan it has formulated.

The Asset Manager has stockpiled supplies, including three days of emergency meals and drinking water for officers and employees and two storage batteries, at its office, warehouse for general affairs and elsewhere.

Safety Confirmation System

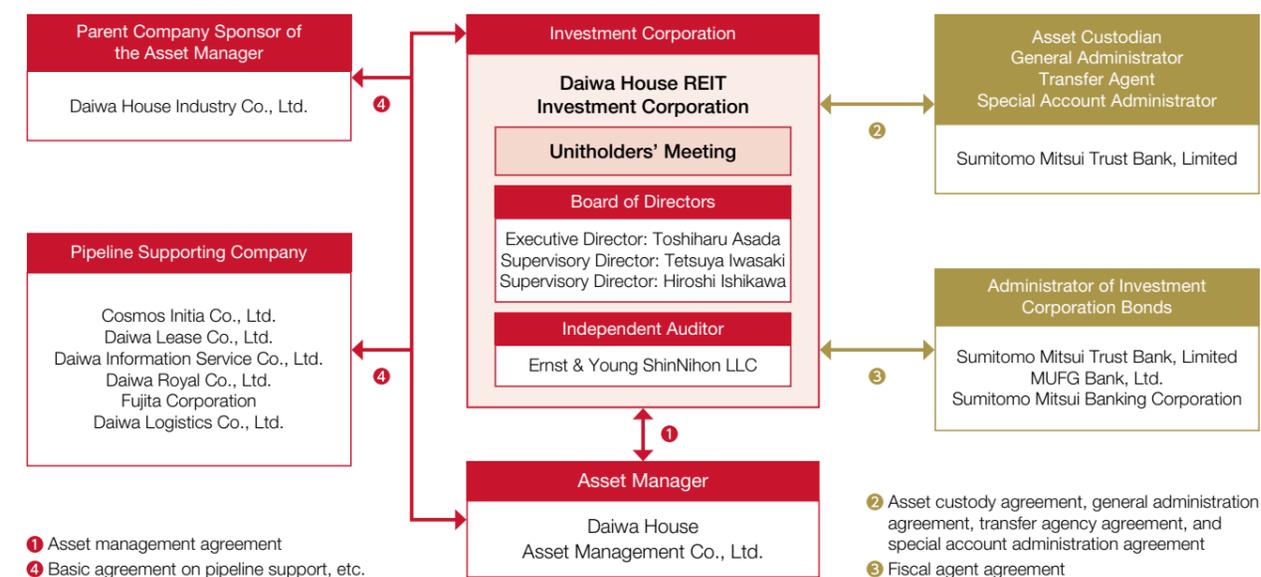
As part of corporate crisis management, the Asset Manager has adopted an online safety confirmation system to ascertain its directors and employees' safety and post-disaster status at the time of disaster swiftly. The Asset Manager conducts safety confirmation drills at least once annually. In the fiscal year ended March 2021, the participation rate was 100%.

Outline of DHR

Overview

Name of investment corporation	Daiwa House REIT Investment Corporation
Representative	Toshiharu Asada, Executive Director
Location	2-4-8, Nagatacho, Chiyoda-ku, Tokyo 100-0014
Asset Manager	Daiwa House Asset Management Co., Ltd. Tel: +81-3-3595-1265 (Inquiries)
Accounting period	6-month period from March 1 to the end of August and 6-month period from September 1 to the end of February of the following year

Investment Corporation Structure



Outline of the Asset Manager

Overview

Company name	Daiwa House Asset Management Co., Ltd.
Location	7th Floor, Nissei Nagatacho Building, 2-4-8, Nagatacho, Chiyoda-ku, Tokyo 100-0014 Tel: +81-3-3595-1151 (main line)
Established	September 1, 2004
Paid-in capital	¥300 million
Shareholder	Daiwa House Industry Co., Ltd. (100%)
Representative	Koichi Tsuchida, President and CEO
Licenses/authorizations	Building Lots and Buildings Transaction Business License: No. (4) 83758, issued by Governor of Tokyo Discretionary Transaction Agent: No. 32, issued by the Minister of Land, Infrastructure, Transport and Tourism Financial Instruments Firm, Kanto Finance Bureau (registration): No. 409

GRI Content Index

Disclosures		References
GRI 102: General Disclosures 2016		
1. Organizational profile		
102-1	Name of the organization	Outline of DHR (p. 39)
102-2	Activities, brands, products, and services	Characteristics of DHR (p. 1)
102-3	Location of headquarters	Outline of DHR (p. 39)
102-4	Location of operations	Outline of DHR (p. 39)
102-5	Ownership and legal form	Outline of DHR (p. 39)
102-6	Markets served	Characteristics of DHR (p. 1)
102-7	Scale of the organization	History (p. 4-5), Personnel Data (p. 30)
102-8	Information on employees and other workers	Personnel Data (p. 30)
102-9	Supply chain	Outline of DHR (p. 39)
102-10	Significant changes to the organization and its supply chain	N/A
102-11	Precautionary Principle or approach	Sustainability Policy (p. 10)
102-12	External initiatives	Supported Initiatives and External Evaluation (p. 12)
102-13	Membership of associations	Supported Initiatives and External Evaluation (p. 12), Outline of DHR (p. 39), Outline of the Asset Manager (p. 39)
2. Strategy		
102-14	Statement from senior decision-maker	Message from the Management (p. 2-3)
102-15	Key impacts, risks, and opportunities	Materiality and SDGs (p. 8-9), Strategy (p. 15)
3. Ethics and integrity		
102-16	Values, principles, standards, and norms of behavior	Daiwa House Group "Creating Dreams, Building Hearts" (p. 1)
102-17	Mechanisms for advice and concerns about ethics	Compliance (p. 37)
4. Governance		
102-18	Governance structure	Promotion System (p. 7)
102-19	Delegating authority	Promotion System (p. 7)
102-20	Executive-level responsibility for economic, environmental, and social topics	Promotion System (p. 7)
102-21	Consulting stakeholders on economic, environmental, and social topics	Stakeholder Engagement (p. 11)
102-22	Composition of the highest governance body and its committees	Outline of DHR (p. 39)
102-23	Chair of the highest governance body	Outline of DHR (p. 39)
102-24	Nominating and selecting the highest governance body	Executive Directors and Supervisory Directors (p. 35)
102-25	Conflict of interests	Policy and management structure for addressing conflict-of-interest transactions (p. 36)
102-26	Role of highest governance body in setting purpose, values, and strategy	Sustainability Strategy (p. 6-7)
102-27	Collective knowledge of highest governance body	-
102-28	Evaluating the highest governance body's performance	-
102-29	Identifying and managing economic, environmental, and social impacts	Materiality and SDGs (p. 8-9)
102-30	Effectiveness of risk management processes	Risk Management (p. 38)
102-31	Review of economic, environmental, and social topics	Promotion System (p. 7)
102-32	Highest governance body's role in sustainability reporting	Promotion System (p. 7)
102-33	Communicating critical concerns	Risk Management (p. 38)
102-34	Nature and total number of critical concerns	N/A
102-35	Remuneration policies	Executive Directors and Supervisory Directors (p. 35), Compensation of the Audit Firm and the Asset Manager (p. 35)
102-36	Process for determining remuneration	Executive Directors and Supervisory Directors (p. 35), Compensation of the Audit Firm and the Asset Manager (p. 35)
102-37	Stakeholders' involvement in remuneration	-
102-38	Annual total compensation ratio	-
102-39	Percentage increase in annual total compensation ratio	-
5. Stakeholder engagement		
102-40	List of stakeholder groups	Stakeholder Engagement (p. 11)
102-41	Collective bargaining agreements	-
102-42	Identifying and selecting stakeholders	Stakeholder Engagement (p. 11)
102-43	Approach to stakeholder engagement	Stakeholder Engagement (p. 11)
102-44	Key topics and concerns raised	N/A

6. Reporting practice			
	102-45	Entities included in the consolidated financial statements	Outline of DHR (p. 39)
	102-46	Defining report content and topic Boundaries	-
	102-47	List of material topics	Materiality and SDGs (p. 8-9)
	102-48	Restatements of information	-
	102-49	Changes in reporting	N/A
	102-50	Reporting period	Editorial Policy (p. 1)
	102-51	Date of most recent report	N/A
	102-52	Reporting cycle	Editorial Policy (p. 1)
	102-53	Contact point for questions regarding the report	Disclaimer (p. 45)
	102-54	Claims of reporting in accordance with the GRI Standards	-
	102-55	GRI content index	GRI Content Index (p. 40-43)
	102-56	External assurance	GHG Emissions (p. 17)
GRI 103: Management Approach			
	103-1	Explanation of the material topic and its Boundary	Materiality and SDGs (p. 8-9)
2016	103-2	The management approach and its components	Promotion System (p. 7) Materiality and SDGs (p. 8-9)
	103-3	Evaluation of the management approach	-
Standards by item			
Economy			
GRI 201: Economic Performance			
	201-1	Direct economic value generated and distributed	History (p. 4-5), Paying Fair Wages (p. 31)
	201-2	Financial implications and other risks and opportunities due to climate change	Strategy (p. 15)
2016	201-3	Defined benefit plan obligations and other retirement plans	-
	201-4	Financial assistance received from government	-
GRI 202: Market Presence			
	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	-
2016	202-2	Proportion of senior management hired from the local community	-
GRI 203: Indirect Economic Impacts			
	203-1	Infrastructure investments and services supported	-
2016	203-2	Significant indirect economic impacts	-
GRI 204: Procurement Practices			
2016	204-1	Proportion of spending on local suppliers	-
GRI 205: Anti-corruption			
	205-1	Operations assessed for risks related to corruption	Prevention of Corruption (p. 37)
2016	205-2	Communication and training about anticorruption policies and procedures	Prevention of Corruption (p. 37)
	205-3	Confirmed incidents of corruption and actions taken	Prevention of Corruption (p. 37)
GRI 206: Anti-competitive Behavior			
2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	N/A
GRI 207: Tax			
	207-1	Approach to tax	-
2019	207-2	Tax governance, control, and risk management	-
Environment			
GRI 301: Materials			
	301-1	Materials used by weight or volume	-
2016	301-2	Recycled input materials used	-
	301-3	Reclaimed products and their packaging materials	-
GRI 302: Energy			
	302-1	Energy consumption within the organization	-
	302-2	Energy consumption outside of the organization	-
2016	302-3	Energy intensity	Energy Consumption (p. 21)
	302-4	Reduction of energy consumption	Energy Consumption (p. 21)
	302-5	Reductions in energy requirements of products and services	-

GRI Content Index

GRI 303: Water and Effluents			
2018	303-1	Interactions with water as a shared resource	Effective Use of Water Resources (p. 22)
	303-2	Management of water discharge-related impacts	-
	303-3	Water withdrawal	-
	303-4	Water discharge	-
	303-5	Water consumption	Water Consumption (p. 22)
GRI 304: Biodiversity			
2016	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	-
	304-2	Significant impacts of activities, products, and services on biodiversity	-
	304-3	Habitats protected or restored	-
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	-
GRI 305: Emissions			
2016	305-1	Direct (Scope 1) GHG emissions	-
	305-2	Energy indirect (Scope 2) GHG emissions	GHG Emissions (p. 17)
	305-3	Other indirect (Scope 3) GHG emissions	-
	305-4	GHG emissions intensity	GHG Emissions (p. 17)
	305-5	Reduction of GHG emissions	GHG Emissions (p. 17)
	305-6	Emissions of ozone-depleting substances (ODS)	-
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	-
GRI 306: Effluents and Waste			
2020	306-1	Waste generation and significant waste-related impacts	-
	306-2	Management of significant waste-related impacts	Pollution Prevention (p. 22)
	306-3	Waste generated	Waste Management (p. 22)
	306-4	Waste diverted from disposal	-
	306-5	Waste directed to disposal	-
GRI 307: Environmental Compliance			
2016	307-1	Non-compliance with environmental laws and regulations	N/A
GRI 308: Supplier Environmental Assessment			
2016	308-1	New suppliers that were screened using environmental criteria	-
	308-2	Negative environmental impacts in the supply chain and actions taken	-
Society			
GRI 401: Employment			
2016	401-1	New employee hires and employee turnover	Personnel Data (p. 30)
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Benefits and Welfare (p. 31)
	401-3	Parental leave	Benefits and Welfare (p. 31)
GRI 402: Labor/Management Relations			
2016	402-1	Minimum notice periods regarding operational changes	-
GRI 403: Occupational Health and Safety			
2018	403-1	Occupational health and safety management system	-
	403-2	Hazard identification, risk assessment, and incident investigation	-
	403-3	Occupational health services	N/A
	403-4	Worker participation, consultation, and communication on occupational health and safety	-
	403-5	Worker training on occupational health and safety	-
	403-6	Promotion of worker health	Establishment of Health Committee (p. 30)
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	-
	403-8	Workers covered by an occupational health and safety management system	-
	403-9	Work-related injuries	Personnel Data (p. 30)
	403-10	Work-related ill health	N/A

GRI 404: Training and Education			
2016	404-1	Average hours of training per year per employee	-
	404-2	Programs for upgrading employee skills and transition assistance programs	Support for Operational Skills Development and Training (p. 29)
	404-3	Percentage of employees receiving regular performance and career development reviews	Training on Operational Expertise (p. 28), Support for Operational Skills Development and Training (p. 29)
GRI 405: Diversity and Equal Opportunity			
2016	405-1	Diversity of governance bodies and employees	Personnel Data (p. 30)
	405-2	Ratio of basic salary and remuneration of women to men	-
GRI 406: Non-discrimination			
2016	406-1	Incidents of discrimination and corrective actions taken	Total Number of Cases of Discrimination and Corrective Actions Implemented (p. 26)
GRI 407: Freedom of Association and Collective Bargaining			
2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	N/A
GRI 408: Child Labor			
2016	408-1	Operations and suppliers at significant risk for incidents of child labor	N/A
GRI 409: Forced or Compulsory Labor			
2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	N/A
GRI 410: Security Practices			
2016	410-1	Security personnel trained in human rights policies or procedures	N/A
GRI 411: Rights of Indigenous Peoples			
2016	411-1	Incidents of violations involving rights of indigenous peoples	N/A
GRI 412: Human Rights Assessment			
2016	412-1	Operations that have been subject to human rights reviews or impact assessments	-
	412-2	Employee training on human rights policies or procedures	Training Program (p. 26)
	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	-
GRI 413: Local Communities			
2016	413-1	Operations with local community engagement, impact assessments, and development programs	Initiatives for Local Community (p. 32)
	413-2	Operations with significant actual and potential negative impacts on local communities	N/A
GRI 414: Supplier Social Assessment			
2016	414-1	New suppliers that were screened using social criteria	-
	414-2	Negative social impacts in the supply chain and actions taken	N/A
GRI 415: Public Policy			
2016	415-1	Political contributions	Prevention of Corruption (p. 37)
GRI 416: Customer Health and Safety			
2016	416-1	Assessment of the health and safety impacts of product and service categories	Socially Conscious Initiatives (p. 33), Initiatives to Increase Tenant Satisfaction (p. 33), Disaster Relief/Resilience (p. 32)
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	N/A
GRI 417: Marketing and Labeling			
2016	417-1	Requirements for product and service information and labeling	Environmental Certifications (p. 18)
	417-2	Incidents of non-compliance concerning product and service information and labeling	N/A
	417-3	Incidents of non-compliance concerning marketing communications	N/A
GRI 418: Customer Privacy			
2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	N/A
GRI 419: Socioeconomic Compliance			
2016	419-1	Non-compliance with laws and regulations in the social and economic area	N/A



Daiwa House REIT Investment Corporation

<https://www.daiwahouse-reit.co.jp/en/>

Disclaimer

- This report is for informational purposes only and is not intended to solicit or endorse investment in any particular product or to serve as a recommendation to buy or sell.
- Inquire with a securities company to purchase DHR investment shares. Please be advised that any investment decisions ultimately must be made based on your own decision and at your own responsibility.
- This report is not a disclosure document or investment report based on the Financial Instruments and Exchange Act, the Act on Investment Trusts and Investment Corporations, or the listing rules of the Tokyo Stock Exchange.
- The data, analysis, and other information in this report are based on the results of a certain period in the past and do not guarantee future operational results, fluctuations, etc. Furthermore, this report includes statements regarding future performance, but such statements do not guarantee future performance. Moreover, the value of real estate investment trusts may fall below the investment principal due to fluctuations in the prices and profitability of the real estate under management.
- No guarantee is provided as to the accuracy or completeness of the information provided in this report. Note also that the information is subject to change or deletion without prior notice.
- DHR and the Asset Manager accept no liability whatsoever for the results of investment actions taken based on this report.
- Copying, reproduction, etc. of the information published in this document without prior consent is prohibited.