



 Daiwa House REIT Investment Corporation

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



Semi-Annual Report for the **32nd** Fiscal Period

From September 1, 2021 to February 28, 2022

 Daiwa House REIT Investment Corporation

2-4-8, Nagatacho, Chiyoda-ku, Tokyo, Japan

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

Securities Code: 8984

Overview of the 32nd Fiscal Period Ended February 28, 2022

We would like to send our heartfelt sympathy to everyone who has fallen ill with COVID-19.

We would like to report on the financial results and give an overview of operations of Daiwa House REIT Investment Corporation (hereinafter referred to as “DHR”) in the 32nd fiscal period ended February 28, 2022.

DHR conducted its fifth public offering since the merger in August 2021 and acquired three large-scale logistics properties located in the Greater Tokyo area and one multi-use property located in a core regional city (total acquisition price of ¥72.3 billion) through the Daiwa House Group’s pipeline in September and October 2021. In September 2021, DHR disposed of one residential property (disposition price of ¥3.7 billion), recording a gain on sales of ¥1.3 billion. Furthermore, as property replacement, we acquired one residential property in the 23 wards of Tokyo (acquisition price of ¥1.4 billion) in February 2022, and worked to improve the quality of our portfolio. As a result, DHR’s portfolio as of the end of the current fiscal period consisted of 230 properties with an asset size of ¥895.1 billion (total acquisition price). Our occupancy rate at the end of the current fiscal period was 99.7%.

Regarding financial results for the current fiscal period, the contributions to earnings of properties acquired during the fiscal period and the recording of gains on sales mentioned above resulted in operating revenues of ¥30,264 million, operating income of ¥13,409 million, and net income of ¥11,685 million. ¥1,982 million in an amount equivalent to amortization of goodwill was added to net income and ¥159 million corresponding to a portion of gain on sale of real estate properties, etc. was deducted from net income. From this amount, the total amount of distributions was ¥13,507 million (¥5,822 per investment unit).

DHR will work to continuously increase unitholder value by ensuring stable revenue and steady growth of its portfolio over the medium to long term through inclusion of environmental, social, and governance (ESG) considerations in asset management while fully utilizing its sponsor Daiwa House Group’s comprehensive strengths and knowhow regarding real-estate development.

In closing, we ask for the continued support of our unitholders and the investment community as we move forward.



Toshiharu Asada
Executive Director
Daiwa House REIT
Investment Corporation



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

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Financial Highlights for the Fiscal Period Ended February 28, 2022

Distributions

Distributions Per Unit

32nd Fiscal Period
(From September 1, 2021 to February 28, 2022)
*Distribution payments start date is May 16, 2022.

¥5,822

Forecast Distributions Per Unit

33rd Fiscal Period
(From March 1, 2022 to August 31, 2022)

¥5,600

34th Fiscal Period
(From September 1, 2022 to February 28, 2023)

¥5,600

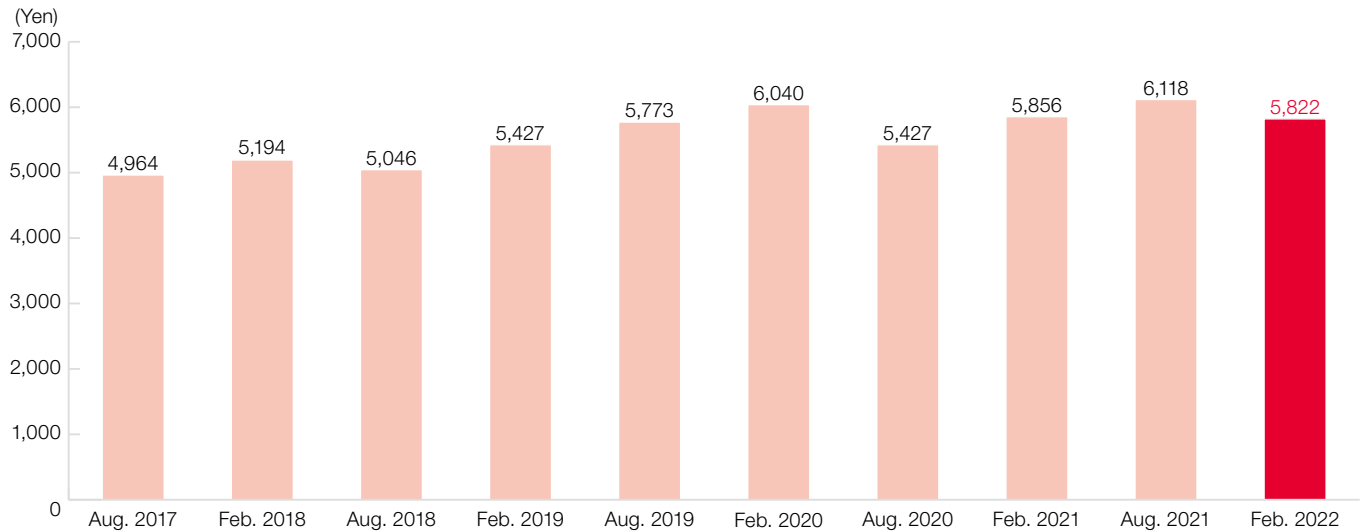
(Note 1) Distributions per unit for the 32nd fiscal period include distributions in excess of earnings of ¥706 (which do not apply to return of capital).
(Note 2) Forecast distributions per unit refer to the forecast as of April 15, 2022, and actual distributions per unit may vary from this figure. These forecasts also do not guarantee the amount of distributions. Furthermore, forecast distributions per unit include distributions in excess of earnings, and we forecast distributions in excess of earnings per unit of ¥853 (including return of capital of ¥62) for the fiscal period ending August 31, 2022 and ¥850 (including return of capital of ¥53) for the fiscal period ending February 28, 2023.

Operating Results

	Fiscal period ended August 31, 2021	Fiscal period ended February 28, 2022
Operating revenues	29,571	30,264
Operating income	13,116	13,409
Net income	11,619	11,685

Asset Size (acquisition price basis)	Occupancy rate	LTV (excluding goodwill)	Credit rating	
¥895.1 billion	99.7%	44.9%	JCR AA	R&I AA-

Distributions per Unit



We seek to maximize unitholder value by multiplying business value (economic value) by social value (non-financial value).

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

Q You have drawn up a new growth strategy, which was released in October 2021. Could you please explain what led to your decision to draw up the new strategy and your aims for additional growth enlisting the strategy?

Whereas a stabilized DPU target of ¥5,600 was set under the previous Mid-Term Growth Strategy, we expect to achieve our DPU target in the fiscal period ending August 31, 2022, given that we have managed to achieve further growth upon having carried out a public offering in August 2021 and having acquired new properties. Also, although the initial asset size had been about ¥490.0 billion upon merger of two REITs in September 2016, the asset size now amounts to ¥890.0 billion as a result of our having acquired properties valued at approximately ¥430.0 billion, primarily consisting of logistics properties acquired from the sponsor over a five year period. These developments led to our decision to draw up the new growth strategy.



DPL Nagareyama III

As for our aims under the new growth strategy, first of all, DHR's basic policy is that of continuously improving unitholder value by ensuring stable revenue and steady asset growth over the medium to long term. We believe that it is possible to maximize such unitholder value by leveraging synergies respectively derived from business value, which constitutes economic value, and social value, which constitutes non-financial value.

Property acquisition plays a central role in increasing our business value, which equates to economic value. Our most recent public offering involved acquisitions amounting to ¥72.3 billion, consisting of three large-scale logistics properties located in the Greater Tokyo area and one multi-use property located in a core regional city. Going forward, we will selectively acquire highly competitive properties drawing on the diverse range of support furnished by the Daiwa House Group, which serves as DHR's greatest strength, and at the same time we will seek to facilitate DHR's growth and improve the quality of our portfolio by selling off properties subject to diminished profitability.



D Project Wako A

Q

You have been focusing your efforts on environmental, social and governance (ESG) initiatives, which culminate in social value (non-financial value). Could you please explain your aims in that regard?

Efforts to improve our social value, the non-financial value, serve as one of the pillars of our new growth strategy. **Whereas we contribute to addressing social issues through our business activities, we also recognize that ESG issues serve as managerial challenges for DHR given that such issues have become increasingly important worldwide in recent years. We accordingly deem that working to address such challenges paves the way for improvement of our social value and contributes to DHR's medium- to long-term growth.**

Specifically, our aims involve addressing the social issue of reducing greenhouse gas emissions, improving external ESG evaluations, and increasing the ratio of properties with environmental certification. Acquired in October 2021, DPL Nagareyama III received the highest ZEB* rating, which was the first time ever for a J-REIT. In addition, we also became the first J-REIT to introduce sustainability index-linked fees from the fiscal period ending August 31, 2022. We will continue to promote our ESG initiatives going forward.

*ZEB is an abbreviation for Net Zero Energy Building. Such buildings are intended to achieve net zero primary energy balance annually by achieving the maximum possible energy savings through such means as better heat insulation and high-efficiency equipment as well as by generating electricity through solar energy and other power generation methods.

Q

Finally, would you please convey a message to your unitholders?

Recently, COVID-19 vaccination rates have increased as a measure to prevent infection. Meanwhile, real estate operations are no longer encountering the level of disruption that initially emerged at the outset of the pandemic. Nevertheless, the outlook ahead remains uncertain. This is particularly the case when it comes to direct effects of the pandemic on the restaurant and hotel industries, as well as changes in work arrangements associated with growing popularity of telework. As such, we will need to closely monitor such developments with respect to the environment surrounding real estate going forward.

Amid these circumstances, the asset size of DHR's portfolio exceeds ¥890.0 billion, and assets that relatively lack susceptibility to the COVID-19 pandemic account for approximately 80% of our portfolio, in that logistics properties and residential properties constitute 53% and 27% of our holdings, respectively. Moreover, we have arranged our portfolio of retail properties and hotels in a manner that ensures consistency over the medium to long term given that approximately 60% of such holdings are subject to rent guarantees and long-term agreements through DHR's sponsor group. Going forward, we will seek to continuously improve unitholder value by ensuring stable revenue and steady asset growth.

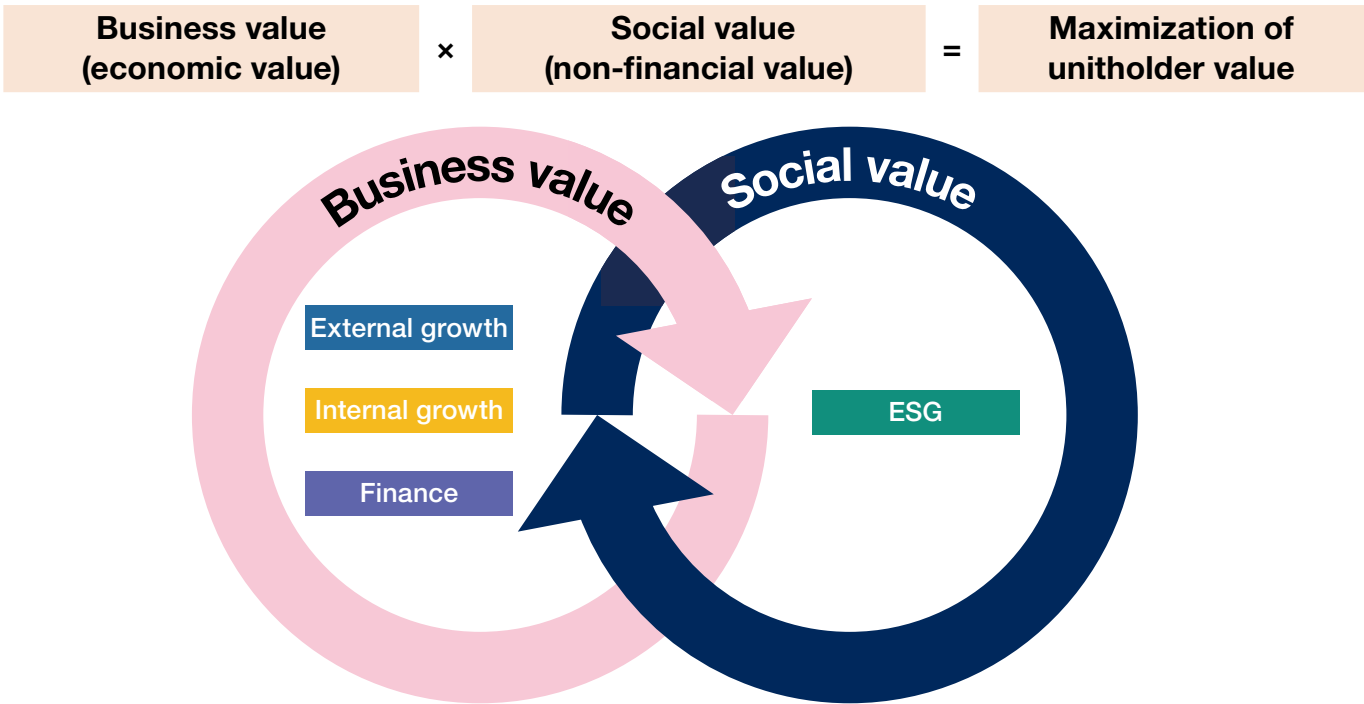


Future Growth Strategy

Formulation of New Growth Strategy (announced in October 2021)

Stabilized DPU of ¥5,600, which was the target in the Mid-Term Growth Strategy announced in October 2019, is expected to be achieved through property acquisition, etc. in connection with the public offering in August 2021.

Aiming to maximize unitholder value, DHR formulated a future growth strategy to improve not only business value but also social value



External growth

- Selectively acquire highly competitive properties, mainly logistics properties, by leveraging the abundant sponsor pipeline
- Improve portfolio quality by promoting portfolio rebalancing utilizing the flexibility as a diversified and large-scale REIT and abundant unrealized gains
- Secure property acquisition opportunities by utilizing various acquisition schemes

Internal growth

- Steadily increase rent mainly at residential properties
- Increase rent by additional investment in value enhancement measures such as installation of solar power generation equipment and LED lights
- Conduct strategic renovation work and planned large-scale repairs

Finance

- Equity financing attentive to NAV and DPU growth
- Control LTV (excluding goodwill) at around 45% with an upper limit at 50%
- Lengthen debt maturity and decrease debt financing costs
- Effective use of cash on hand

ESG

- Commit to promoting sustainability by introducing a sustainability index-linked fee (asset management fee and remuneration for Executive Director and officers of the Asset Manager)
- Reduce GHG emissions and improve ESG rating by third parties, including GRESB and CDP
- Increase the ratio of properties with environmental certification (on a gross floor area basis) to 70% in a timely manner
- Promote ownership of DHR units through the Investment Unit Ownership Program

External Growth/Internal Growth

DHR acquired one property of ¥1.4 billion in February 2022 using funds in hand.

Assets Acquired in the 32nd Fiscal Period

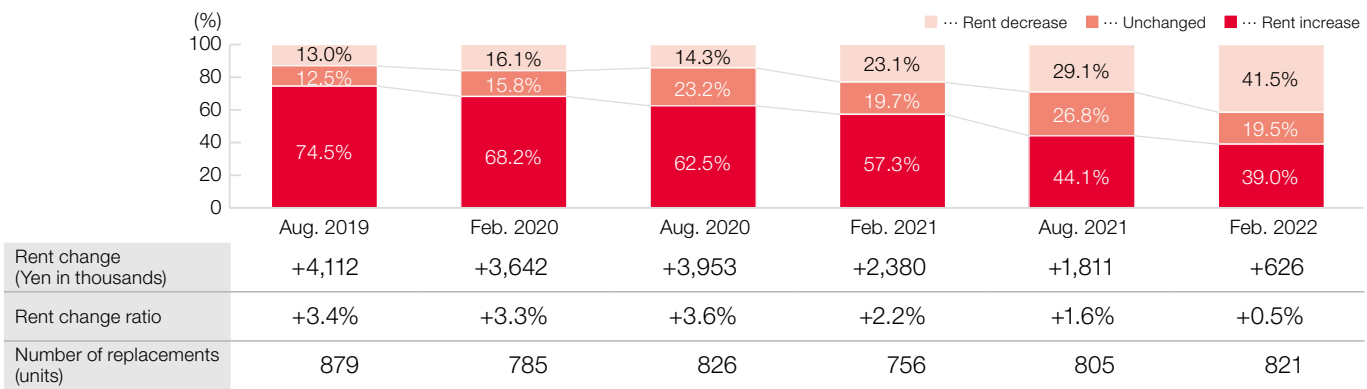
RE-144 Castalia Sumiyoshi II Residential

Residential property with excellent transportation convenience located within 5km of Tokyo Station

- Located an approx. three-minute walk from Sumiyoshi Station, only four stations and approx. 11 minutes away from Otemachi Station, on Tokyo Metro Hanzomon Line and Toei Subway Shinjuku Line, the property offers excellent transportation convenience and proximity to the city center.
- The area around this property is convenient with supermarkets and restaurants available and large retail facilities concentrated around Kinshicho Station on JR Sobu Main Line and Tokyo Metro Hanzomon Line within walking distance.

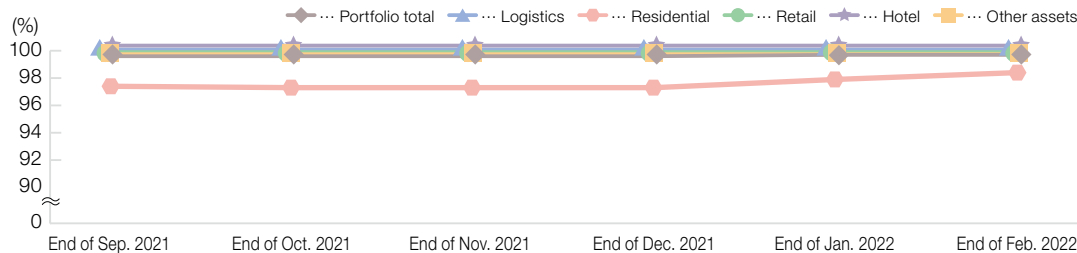
Acquisition date	February 21, 2022
Location	Koto Ward, Tokyo
Date of construction	February 2003
Acquisition price	¥1,420 million
Number of floors	11 floors
Leasable area	1,687.89 m ²
Leasable units	31 units

Monthly Rent at the Time of Residential Tenant Replacement (ratio of the number of tenant replacements)



Trend of Occupancy Rate

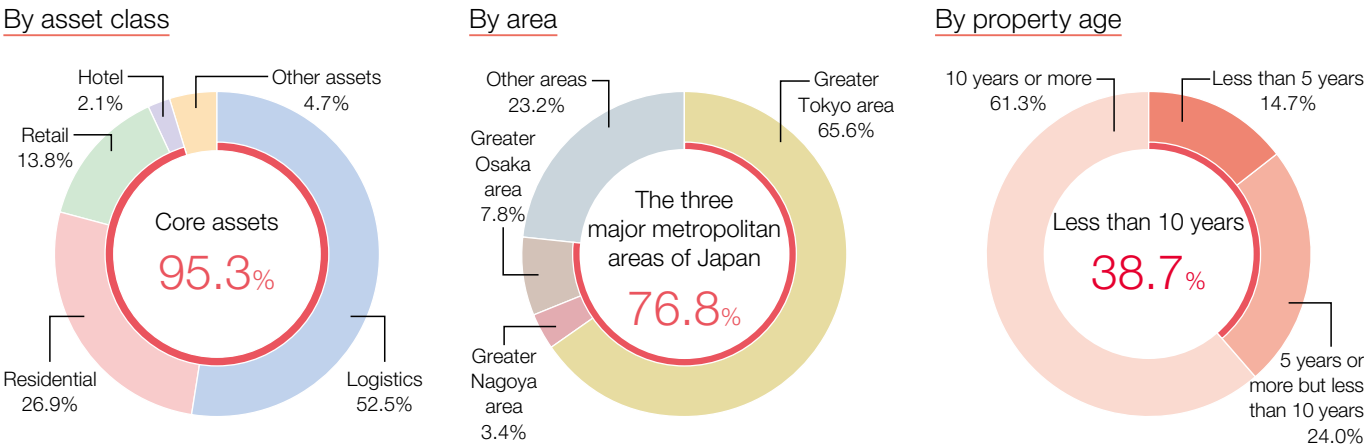
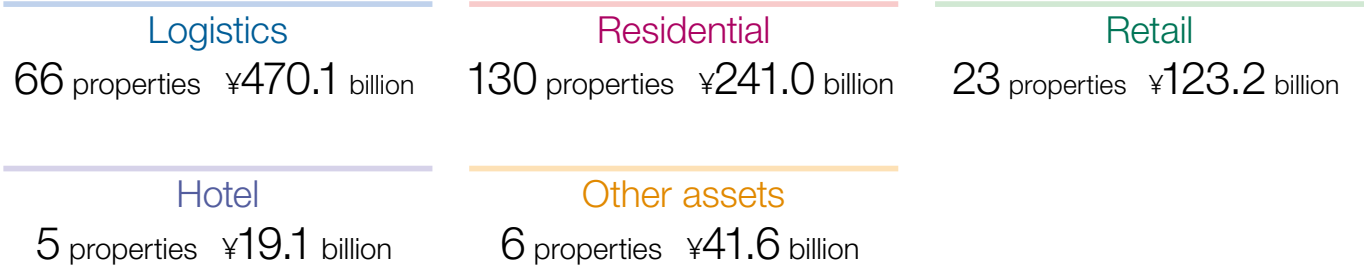
As of February 28, 2022, the occupancy rate was 99.7%, as we continued to maintain stable operations.



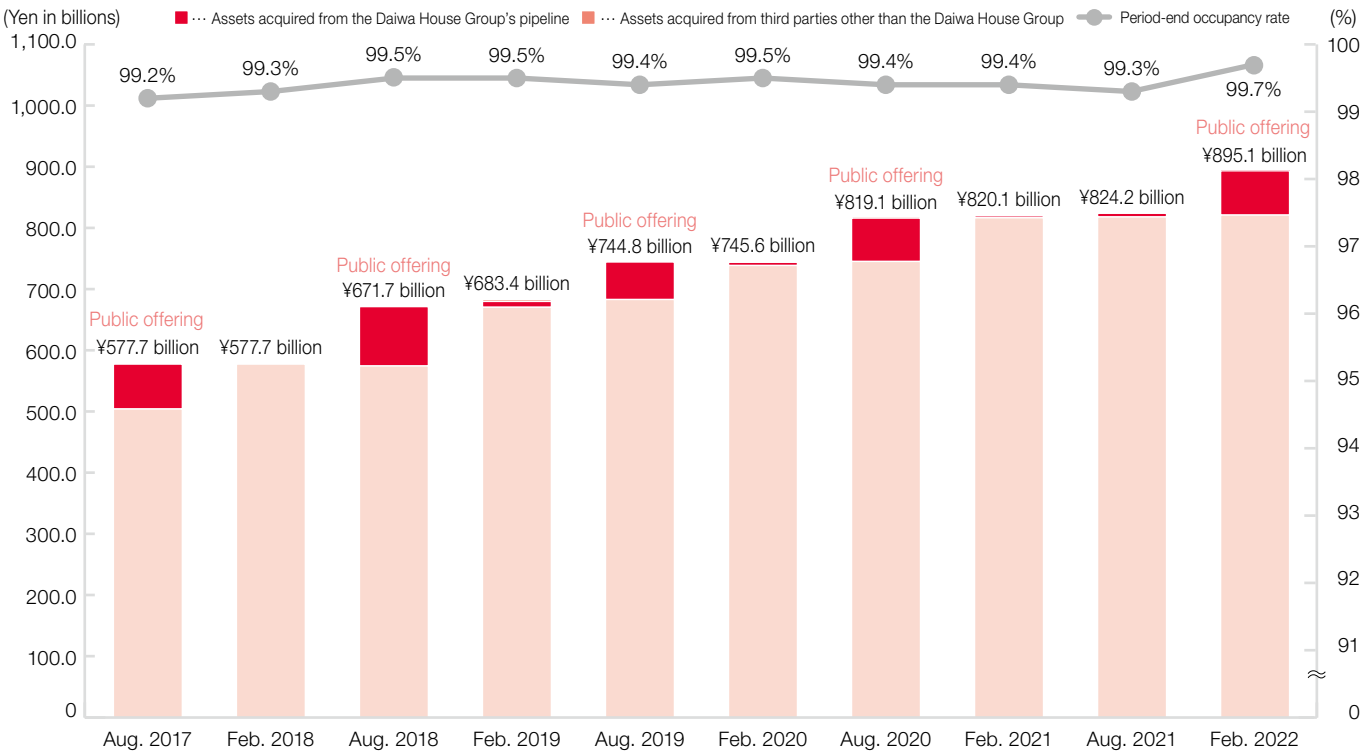
Portfolio Highlights

Asset Size (acquisition price basis / as of February 28, 2022)

230 properties ¥895.1 billion



Trends of Asset Size (Acquisition Price) and Occupancy Rate at the End of the Fiscal Period



Financial Status

Financial Policy

DHR is working to improve its financial stability by maintaining and expanding its strong lender formation, diversifying methods of raising capital through issuance of investment corporation bonds, and promoting use of fixed rates on interest-bearing debt with longer terms and staggered repayment dates. DHR's policy is to work toward stable financial operation by controlling our LTV (excluding goodwill) at around the 45% level.

Interest-bearing Debt (as of February 28, 2022)

In the fiscal period ended February 28, 2022, DHR arranged new borrowings of ¥29,000 million in September and October 2021 and refinancing of ¥7,000 million in November, and issued ¥4,000 million investment corporation bonds (Sustainability Bonds) to provide for the repayment of existing loans. In addition, DHR issued ¥4,000 million in investment corporation bonds to provide for redemptions of existing investment corporation bonds in December, and arranged refinancing of ¥6,850 million in January 2022.

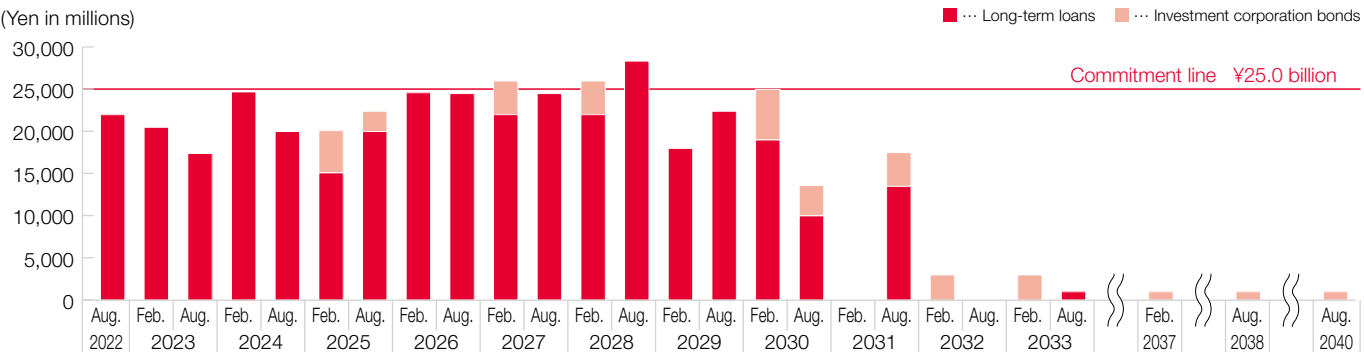
Total interest-bearing debt	¥407,550 million
(Sustainable Finance)	¥29,500 million
Total loans	¥369,550 million
(Green Loans)	¥10,500 million
Total investment corporation bonds	¥38,000 million
(Green Bonds)	¥15,000 million
(Sustainability Bonds)	¥4,000 million
LTV (excluding goodwill)	44.9%
LTV (including goodwill)	42.2%
Long-term interest-bearing debt ratio	89.6%
Fixed interest ratio	97.4%
Average interest rate	0.66%
Average remaining maturity	4.6 years
Commitment line	¥25,000 million

Breakdown by Lender (as of February 28, 2022)

Lender	Loan balance (Yen in millions)
Sumitomo Mitsui Trust Bank, Limited	62,980
Sumitomo Mitsui Banking Corporation	62,954
MUFG Bank, Ltd.	59,907
Mizuho Bank, Ltd.	55,117
Development Bank of Japan Inc.	20,900
The Norinchukin Bank	16,400
Aozora Bank, Ltd.	13,692
Resona Bank, Limited	13,500
Mizuho Trust & Banking Co., Ltd.	9,824
Shinsei Bank, Limited	7,500
Nippon Life Insurance Company	5,600
Shinkin Central Bank	5,500
Mitsui Sumitomo Insurance Company, Limited	4,500
The Nishi-Nippon City Bank, Ltd.	3,500
The Bank of Fukuoka, Ltd.	3,500
The Dai-ichi Life Insurance Company, Limited	3,500
The Chiba Bank, Ltd.	3,415
The 77 Bank, Ltd.	3,200
The Chugoku Bank, Limited	2,200
The Iyo Bank, Ltd.	2,000
The Bank of Kyoto, Ltd.	2,000
The Yamanashi Chuo Bank, Ltd.	1,500
The Shizuoka Bank, Ltd.	1,260
JAPAN POST INSURANCE Co., Ltd.	1,100
Kansai Mirai Bank, Limited	1,000
The Keiyo Bank, Ltd.	1,000
The Yamaguchi Bank, Ltd.	1,000
Taiyo Life Insurance Company	1,000
Total loans	369,550

(Note) The amounts were rounded down to the nearest million yen.

Diversifying Debt Maturities (as of February 28, 2022)



ESG Initiatives

External Evaluation and Global Initiatives on ESG

2021 CDP Assessment

CDP Supplier Engagement Rating

- Named as the only J-REIT on the Supplier Engagement Leaderboard, the highest rating, for two consecutive years in the CDP Supplier Engagement Rating^(Note)

Supplier
Engagement
Leader
(Highest rating)



(Note) Excludes the case where the parent company of the group answers the questionnaire.

CDP Climate Change Program

- Acquiring the highest score of “A” in the CDP Climate Change Program Assessment, the first and only J-REIT to be certified as a Climate Change “A List” company.

A
(Highest rating)



Environmental Certifications (as of March 31, 2022)

- Percentage of properties with environmental certification (gross floor area basis) increased to 67.7%

			
★★★★★ “ZEB”	1 property	—	—
★★★★★ ZEB Ready	6 properties	—	—
★★★★★	6 properties	6 properties	14 properties
★★★★	7 properties	6 properties	6 properties
★★★	6 properties	9 properties	—
★★	14 properties	4 properties	—
★	6 properties	—	—
Number of certified properties	46 properties	25 properties	20 properties
Certified rate (gross floor area basis)	57.7%	37.8%	35.2%

2021 GRESB Assessment

Real Estate Assessment

- Acquiring “4 Stars” for two consecutive years in the GRESB Real Estate Assessment

Green Star

4 Stars



Public Disclosure

- Acquiring the highest rating of “A” for three consecutive years in the GRESB Public Disclosure

A
(Highest rating)



Certification Topics for Portfolio Properties

- Acquiring the highest ZEB (Net Zero Energy Building) certification of “ZEB,” the first for a J-REIT, in addition to the highest BELS rating of ★★★★★



DPL Nagareyama III

- Received a rating of ★★★★★ when renewing the DBJ Green Building Certification, an improvement from ★★ three years ago



Pacific Royal Court Minatomirai Urban Tower

Support for the TCFD Recommendations and Certification by SBTi

Support for the TCFD Recommendations and Joining the TCFD Consortium

- The Asset Manager supports the TCFD recommendations



The Task Force on Climate-related Financial Disclosures (TCFD) is an international initiative established by the Financial Stability Board (FSB) at the request of the G20 to examine how climate-related information should be disclosed and how financial institutions should respond. The TCFD publishes recommendations for companies to identify and disclose their “Governance,” “Strategy,” “Risk Management” and “Metrics and Targets” with respect to climate change-related risks and opportunities.

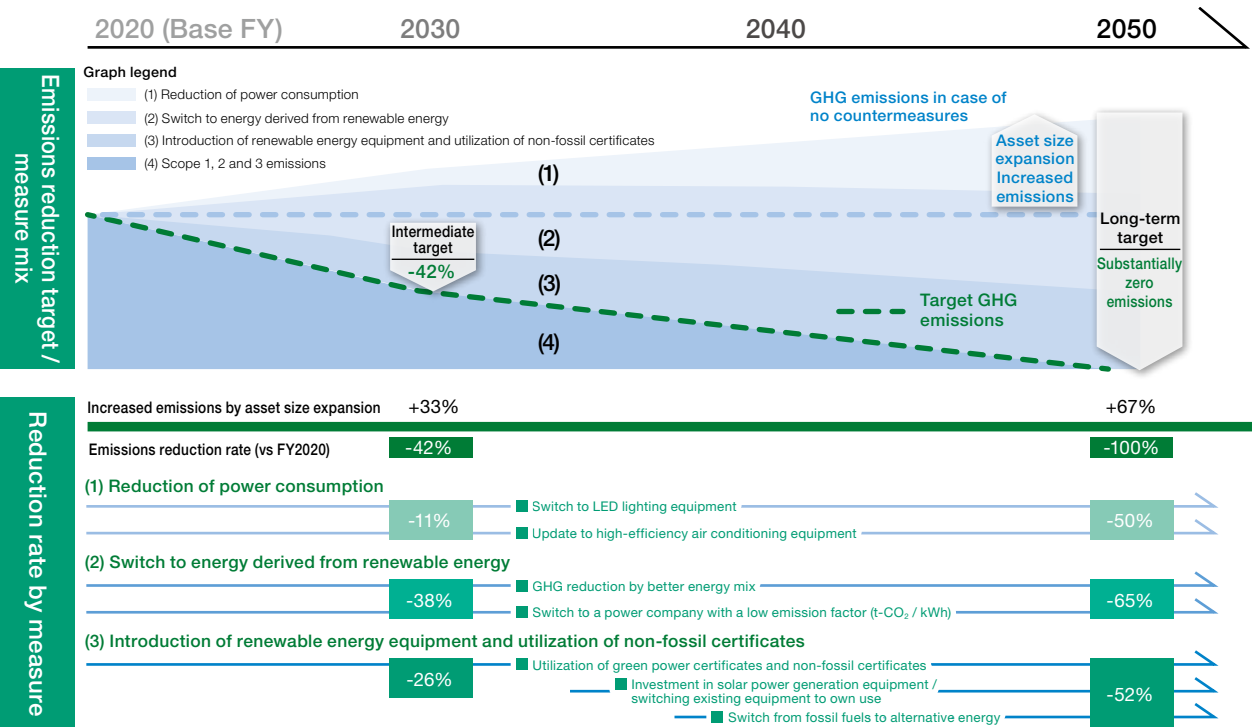
- Joining the TCFD Consortium, a group of domestic companies that support the TCFD recommendations



The TCFD Consortium was established as an organization to promote initiatives in which domestic companies that support the TCFD recommendations, financial institutions, etc. work together, and to discuss initiatives that will lead to effective information disclosure by companies and appropriate investment decisions by financial institutions, etc. based on the disclosed information.

Roadmap for Reduction of Emissions and Achievement of Targets Certified by SBTi

- DHR has set long-term targets of reducing total GHG emissions by 42% in FY2030 compared to FY2020 and net zero in FY2050 and formulated a roadmap that includes reduction rates by measure to achieve the goals.



First J-REIT to Be Certified by SBTi

- DHR set targets of reducing total GHG emissions by 42% in FY2030 compared to FY2020 as the first J-REIT certified by SBTi for its 1.5°C targets. In addition, DHR set long-term targets of net zero emissions in FY2050.



The Paris Agreement aims to keep the global average temperature well below 2°C above pre-industrial levels and pursue efforts to limit global warming to 1.5°C. Science Based Targets (“SBTi”) refer to GHG emissions reduction targets set by companies with a target year of 5 to 15 years ahead, which is consistent with the level required by the Paris Agreement. SBTi is an international initiative which certifies companies that set the SBT and jointly run by the CDP, the United Nations Global Compact (UNGC), the World Resources Institute (WRI) and the World Wide Fund for Nature (WWF).

Item	Coverage	Base FY	Target FY	GHG emissions reduction target
Scope 1+2	All properties	2020	2030	Reduce total emissions by 42% Certified by SBTi
		—	2050	Net zero
Scope 3	Properties with data available	2020	2030	Calculate and reduce total emissions Certified by SBTi
		—	2050	Net zero

Overview of Initiatives

E

Environmental

Environment-friendly Initiatives

- For DPL Misato (logistics property), installed an irrigation system that uses rainwater and an automatic irrigation timer to conserve water and improve landscape management.



Initiatives in Response to Climate Change

- For Royal Parks SEASIR (residential property), installed waterproof panels and waterproof doors at the entrance, electrical room, elevators and management office to reduce the impact of water damage from torrential rains and large-scale typhoons.



Issuance of Sustainability Bonds

- Succeeded in issuing a total of ¥4.0 billion of bonds by capturing favorable demand for sustainability bonds
- Renewed the lowest interest rate of our 10-year bonds, and also issued 15-year long-term bonds
- Obtained 10 investment representations from investors active in ESG

November 2021 issue		
Series	15th	16th
Amount	¥3.0 billion	¥1.0 billion
Maturity	10 years	15 years
Interest rate	0.400%	0.660%

Sustainability eligible asset



Eligibility - Green
+
Eligibility - Social



Investment representations

- Asahi Shimbun Credit Cooperative
- Mutual Aid Foundation for Japan Postal Group
- Credit Guarantee Corporation of Osaka
- The 77 Bank, Ltd.
- The Yamanashi Chuo Bank, Ltd.
- The Kita Osaka Shinkin Bank
- The Kosan Shinkin Bank
- Shizuoka Yaizu Shinkin Bank
- Suwa Shinkin Bank
- Mitsubishi Corporation Staff Union

S

Social

Initiatives to Increase Tenant Satisfaction

- DHR regularly conducts surveys to grasp tenants' needs and satisfaction in the belief that increasing tenant satisfaction leads to stable and improved property-operating performance.
- In a questionnaire given to the residents of 119 residential properties (8,386 units) by a third-party institution in February 2022, around 71% of tenants gave the property overall a rating of 7 or higher on an 11-point scale, and in response to whether they would recommend the property to others, around 62% of tenants gave a rating of 7 or higher.
- The questionnaire results are shared with property management companies and used to improve building and facility specifications and services.

Initiatives to Contribute to Local Communities

- For FOLEO Otsu Ichiriyama (retail property), DHR set up a PCR testing site (testing tent) on a surface parking lot to provide free PCR tests without appointments for residents of Shiga Prefecture, and cooperated with the free PCR testing program of Shiga Prefecture.



G

Governance

Sustainability Index-linked Fees

- DHR was the first J-REIT to introduce a provision to fluctuate the asset management fees paid to the Asset Manager by linking the fees to sustainability indices.
- Remuneration for the Executive Director of DHR and for directors of the Asset Manager are now linked to sustainability indices, including GHG emissions reduction ratio, GRESB Rating and CDP Score.

Reduction in GHG emissions
GRESB Rating
CDP Score

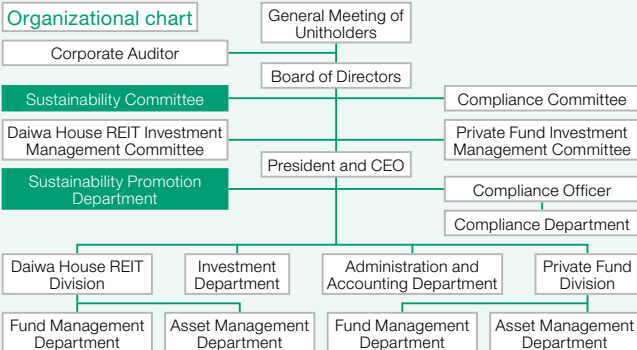
Asset management fees are calculated according to the degree of achievement of each index

Reduced amount of fees is to be used for the measures to reduce GHG emissions and improve environmental certifications

Sustainability Promotion System

- The Sustainability Committee was raised to a formal committee in April 2022.
- An outside advisor was appointed to the Sustainability Committee.
- The Sustainability Promotion Department was established and ESG initiatives were further strengthened.

Organizational chart

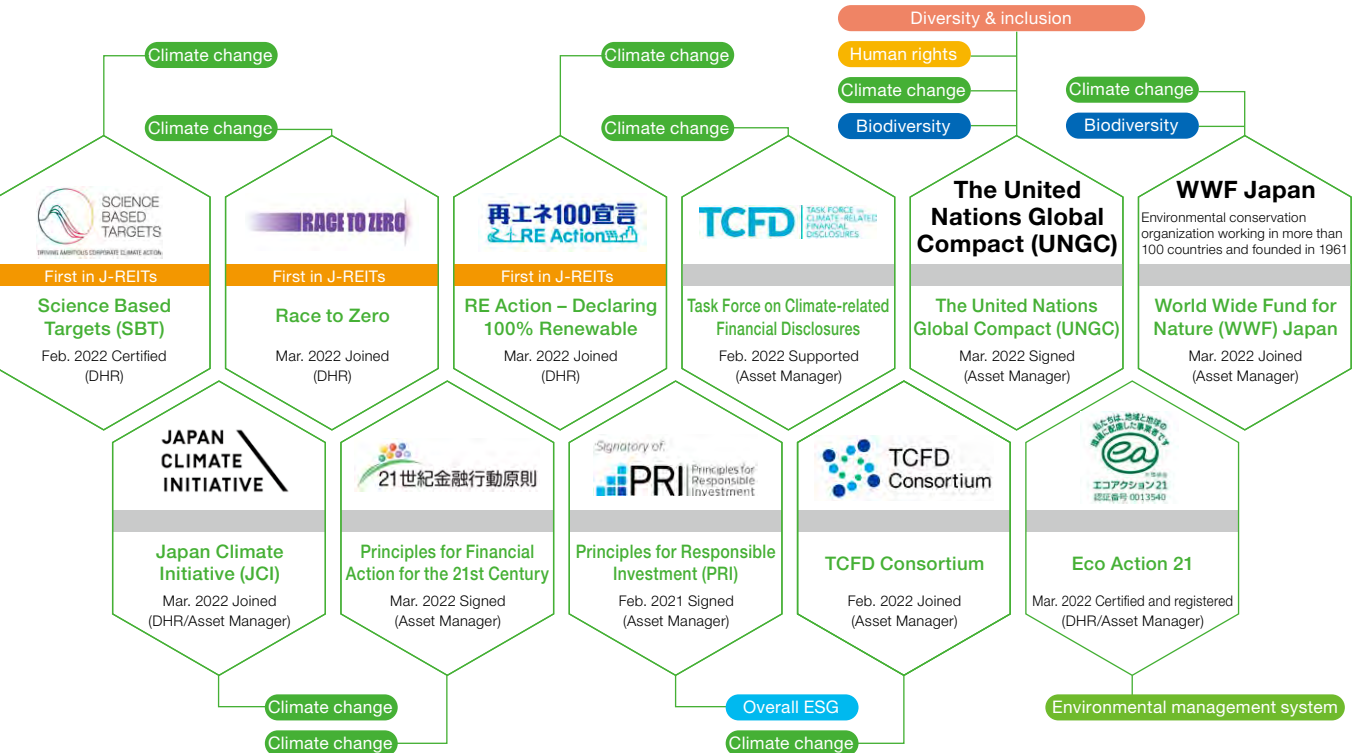


Supported Initiatives

Most important social issues

- Climate change
- Human rights
- Diversity and inclusion
- Biodiversity

We have signed and joined the initiatives as listed below. By joining the initiatives related to the above, we will continue to actively work on solving social issues.



(Note) "DHR" and "Asset Manager" represent Daiwa House REIT Investment Corporation and Daiwa House Asset Management Co., Ltd., respectively.

Purchase of FIT Non-fossil Certificates in the Renewable Energy Value Trading Market

Purchase of Non-fossil Certificates

- DHR participated in the auction in the renewable energy value trading market and procured 13 million kWh of FY2021 FIT non-fossil certificates through the intermediary.
- Expected reduction effect of CO₂ emissions by the procurement is approx. 5,629 tons (t-CO₂ equivalent) and approx. 80% reduction^(Note) in DHR's electricity-derived GHG emissions (Scope 2).
- DHR plans to purchase additional FIT non-fossil certificates in the auction in May 2022. Together with the introduction of 100% net zero renewable energy at the properties owned by DHR, DHR aims to offset all of the electricity-derived GHG emissions (Scope 2).

(Note) The estimated figure calculated based on the actual results for FY2020 is shown.

<Mechanism for procuring FIT non-fossil certificates by auction in the renewable energy value trading market>



Major Portfolio Properties

LB-006 D Project Urayasu II



LM-004 DPL Nagareyama I



LM-005 DPL Shin-Narashino



RE-081 Royal Parks Toyosu



RM-012 iias Tsukuba



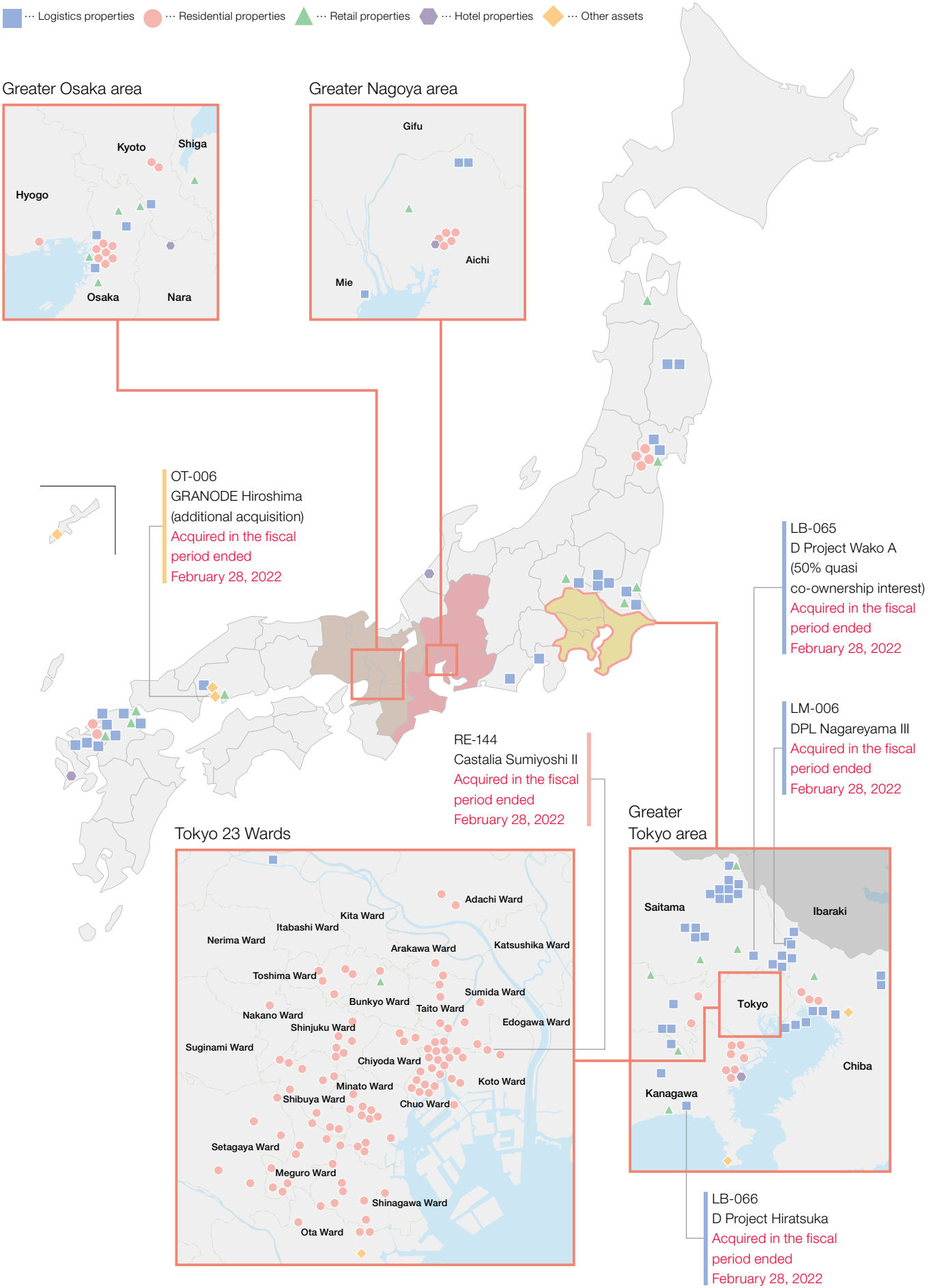
HO-001 Daiwa Roynet Hotel Yokohama Kannai



OT-006 GRANODE Hiroshima



Portfolio Map (as of February 28, 2022)



I. Asset Management Report

1. Summary of Asset Management

(1) Historical Operating Results

		28th period February 2020	29th period August 2020	30th period February 2021	31st period August 2021	32nd period February 2022
Operating revenues (Note 1)	Yen in millions	25,018	26,613	28,097	29,571	30,264
Of which, real estate rental revenues	Yen in millions	24,712	26,613	27,260	27,362	28,928
Operating expenses	Yen in millions	14,459	15,039	15,525	16,455	16,854
Of which, real estate rental expenses	Yen in millions	10,278	10,737	11,179	12,081	12,431
Operating income	Yen in millions	10,559	11,574	12,571	13,116	13,409
Ordinary income	Yen in millions	9,126	9,936	11,099	11,619	11,685
Net income	Yen in millions	9,125	9,936	11,098	11,619	11,685
Total assets	Yen in millions	839,931	899,579	901,386	900,310	964,669
Period-on-period changes	%	(0.2)	7.1	0.2	(0.1)	7.1
Net assets	Yen in millions	460,341	491,302	490,586	489,467	524,178
Period-on-period changes	%	(0.6)	6.7	(0.1)	(0.2)	7.1
Unitholders' capital	Yen in millions	198,492	231,766	231,766	231,766	268,042
Total number of investment units issued	Units	2,075,000	2,196,000	2,196,000	2,196,000	2,320,000
Net assets per unit	Yen	221,851	223,725	223,400	222,890	225,938
Total distributions	Yen in millions	12,533	11,917	12,859	13,435	13,507
Distributions per unit	Yen	6,040	5,427	5,856	6,118	5,822
Of which, earnings distributions per unit	Yen	6,040	5,404	5,101	5,347	5,116
Of which, distributions in excess of earnings per unit	Yen	—	23	755	771	706
Ordinary income to total assets ratio (Note 2)	%	1.1	1.1	1.2	1.3	1.3
Annualized	%	2.2	2.3	2.5	2.6	2.5
Return on equity (Note 3)	%	2.0	2.1	2.3	2.4	2.3
Annualized	%	4.0	4.1	4.6	4.7	4.6
Equity ratio	%	54.8	54.6	54.4	54.4	54.3
Period-on-period changes		(0.3)	(0.2)	(0.2)	(0.1)	(0.0)
Payout ratio	%	137.3	119.4	100.9	101.1	101.5
<Other Reference Information>						
Rental NOI (Note 4)	Yen in millions	19,239	21,050	21,352	20,552	22,122
FFO per unit (Note 5)	Yen	7,526	7,789	7,982	7,594	7,746
FFO multiple (Note 6)	Times	17.8	17.9	17.4	21.6	19.9
Debt service coverage ratio (Note 7)	Times	14.8	15.5	16.6	16.8	16.6
Interest-bearing debt	Yen in millions	348,758	376,558	378,558	378,558	407,550
Interest-bearing debt to total assets ratio (Note 8)	%	41.5	41.9	42.0	42.0	42.2

(Notes) 1. Operating revenues, etc., do not include consumption taxes.
2. Ordinary income to total assets ratio = Ordinary income / ((Total assets at the beginning of period + Total assets at the end of period) / 2) × 100
3. Return on equity = Net income / ((Net assets at the beginning of period + Net assets at the end of period) / 2) × 100
4. Rental NOI = Real estate rental revenues – Real estate rental expenses + Depreciation and amortization during the period
5. FFO per unit = (Net income + Depreciation and amortization + Amortization of goodwill + Amortization of investment corporation bond issuance costs + Amortization of trademark rights + Amortization of software +/- Loss/gain on sale of real estate properties +/- Extraordinary loss/income) / Total number of investment units issued
6. FFO multiple = Investment unit price at the end of period / Annualized FFO per unit
7. Debt service coverage ratio = Net income before interest, depreciation and amortization / Interest expenses
8. Interest-bearing debt to total assets ratio = Interest-bearing debt at the end of period / Total assets at the end of period × 100

(2) Asset Management during the Period

i) Transition of DHR

Daiwa House REIT Investment Corporation (hereinafter referred to as the “DHR”) is a real estate investment trust (J-REIT) whose sponsor is Daiwa House Industry Co., Ltd. (hereinafter referred to as “Daiwa House”) and whose asset manager is Daiwa House Asset Management Co., Ltd. (hereinafter referred to as the “Asset Manager”), a wholly owned subsidiary of Daiwa House.

DHR was listed on the Real Estate Investment Trust (REIT) Market of Tokyo Stock Exchange, Inc. (hereinafter referred to as the “Tokyo Stock Exchange”) on March 22, 2006, and then later merged with New City Residence Investment Corporation (hereinafter referred to as “NCR”) on April 1, 2010 (hereinafter referred to as “the merger with NCR”). Subsequently on December 1, 2011, DHR changed its corporate name to Daiwa House Residential Investment Corporation (the corporation prior to change of corporate name to “Daiwa House REIT Investment Corporation” is hereinafter referred to as the “former DHI”), and accordingly changed its investment targets to residential properties.

The former Daiwa House REIT Investment Corporation (the Daiwa House REIT Investment Corporation, which was dissolved upon having merged with DHR as of September 1, 2016, is hereinafter referred to as the “former DHR”) was established on September 14, 2007, whose asset manager was Daiwa House REIT Management Co., Ltd., a wholly owned subsidiary of Daiwa House. The former DHR was listed on the Tokyo Stock Exchange Real Estate Investment Trust (REIT) Market on November 28, 2012, as a REIT that targets investment in logistics and retail properties.

As of September 1, 2016, the former DHI and the former DHR (hereinafter collectively referred to as the “Investment Corporations”) conducted an absorption-type merger (hereinafter referred to as the “Merger”) whereby the former DHI was the surviving corporation and the former DHR was the absorbed corporation. DHR shifted to a diversified portfolio strategy, targeting investment in new asset classes such as hotel and office properties, in addition to those that the Investment Corporations had targeted for investment in the past, and changed its corporate name from Daiwa House Residential Investment Corporation to Daiwa House REIT Investment Corporation.

ii) Performance for the Current Fiscal Period

DHR raised ¥36.2 billion of capital in its fifth public offering since the Merger and acquired four properties for a total acquisition price (Note 1) of ¥72.3 billion through the Daiwa House Group (Note 2)’s pipeline in September and October 2021 by a combination of funds raised through public offering and loans. In September 2021, DHR disposed of one residential property at a disposition price of ¥3.7 billion. Furthermore, in February 2022, as property replacement, DHR acquired one residential property for an acquisition price of ¥1.4 billion with funds in hand. As a result, DHR’s portfolio as of the end of the current fiscal period consists of 230 properties with an asset value of ¥895.1 billion (Note 3) (Note 4).

(Notes) 1. “Acquisition price” is the purchase price stipulated in the respective purchase agreements of assets owned by DHR (not including expenses pertaining to acquisitions, settlement money such as taxes and public dues, consumption taxes, or leasehold guarantee deposits, etc.), except as otherwise noted. However, the acquisition prices of properties previously owned by NCR have been presented as the appraisal values as of February 28, 2010, which were the prices received at the time of the merger with NCR, and the acquisition prices of properties previously owned by the former DHR have been presented as the appraisal values as of August 31, 2016, which were the prices received at the time of the merger with the former DHR. The “total acquisition price” has been rounded down to the nearest unit. The same shall apply hereinafter.
2. The Daiwa House Group comprises Daiwa House, which is the parent company, 422 consolidated subsidiaries, 59 equity-method affiliates and one non-equity-method affiliate as of December 31, 2021. The Asset Manager is a member of the group. The same shall apply hereinafter.
3. “Asset value” is the aggregate total of the acquisition prices of respective assets owned by DHR at respective points in time, except as otherwise noted. The same shall apply hereinafter.
4. “GRANODE Hiroshima” that was acquired in September 2021 (the additional acquisition of 50% quasi co-ownership) is counted independently as one property in the context of the number of properties acquired, but in the context of the number of properties held as of the end of the current fiscal period, the aforementioned together with the 50% quasi co-ownership that was acquired on April 3, 2020 is counted as one property. The same shall apply hereinafter.

iii) Overview of Financing

DHR 1) conducted debt financing of a total amount of ¥29,000 million on September 3 and October 1, 2021, to provide for part of the acquisition costs and related expenses for the acquisition of properties through the Daiwa House Group’s pipeline; 2) issued its 15th and 16th Unsecured Investment Corporation Bonds (Sustainability Bonds) totaling ¥4,000 million on November 17, 2021 to provide for part of the early repayment of ¥4,000 million in existing loans; 3) arranged refinancing of ¥7,000 million to provide for the repayment of ¥7,000 million in existing loans due on November 30, 2021; 4) issued its 17th Unsecured Investment Corporation Bonds of ¥4,000 million on December 16, 2021 to provide for part of the funds for redemption of ¥4,000 million in existing investment corporation bonds due on December 20, 2021; and 5) arranged refinancing of ¥6,850 million to provide for part of the repayment funds of ¥6,858 million in existing loans due on January 31, 2022.

As a result, the balance of interest-bearing debt outstanding as of the end of the current fiscal period amounted to ¥407,550 million (loan balance: ¥369,550 million, investment corporation bond balance: ¥38,000 million), which is an increase of ¥28,992 million in comparison with the previous fiscal period. As of the end of the current fiscal period, its LTV (including goodwill) (Note 1) was 42.2%, and its LTV (excluding goodwill) (Note 2) was 44.9%.

(Notes) 1. “LTV (including goodwill)” is obtained using the following formula. The same shall apply hereinafter.
LTV (including goodwill) = total amount of interest-bearing debt (loans + investment corporation bonds) ÷ total assets (including goodwill) × 100
2. “LTV (excluding goodwill)” is obtained using the following formula. The same shall apply hereinafter.
LTV (excluding goodwill) = total amount of interest-bearing debt (loans + investment corporation bonds) ÷ total assets (excluding goodwill) × 100

The credit ratings of DHR as of the date of this report are as follows:

Rating agency	Type	Rating/Outlook
Rating and Investment Information, Inc. (R&I)	Issuer rating	AA- Stable
Japan Credit Rating Agency, Ltd. (JCR)	Long-term issuer rating	AA Stable

iv) Difference between Real Estate Appraisal Value and Book Value

The total appraisal value of assets held at the end of the current fiscal period was ¥1,029,777 million, and the amount of unrealized gain (Note) on the portfolio, which is the difference compared to the book value, was ¥174,639 million.

(Note) "Unrealized gain" is the positive valuation difference when the appraisal value exceeds the book value of real estate properties (excluding construction in progress and construction in progress in trust). (Negative valuation difference is referred to as unrealized loss.) The same shall apply hereinafter. Please note that unrealized gain is not guaranteed to be realized as a result of the sale of real estate.

v) Overview of Financial Results

As a result of the investment management activities mentioned above, in the current fiscal period, DHR posted operating revenues of ¥30,264 million, operating income of ¥13,409 million, ordinary income of ¥11,685 million, and net income of ¥11,685 million. Based on its distribution policy, ¥1,982 million in amortization of goodwill was added to net income and ¥159 million corresponding to a portion of gain on sale of real estate properties, etc. was deducted from net income, resulting in ¥13,507 million. From this amount, the total amount of distributions was ¥13,507 million (¥5,822 per investment unit) after the fractional parts of amounts less than ¥1 per investment unit for each type of distribution listed in the breakdown of distributions below were adjusted.

Furthermore, the breakdown of distributions includes income of ¥11,869 million (¥5,116 per investment unit) as provided for in Article 136, paragraph 1 of the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, as amended. Hereinafter referred to as the "Investment Trusts Act") as earnings distributions and an allowance for temporary difference adjustments of ¥1,637 million (¥706 per investment unit) as distributions in excess of earnings.

(3) Summary of Capital Increase

Changes in DHR's total number of investment units issued and unitholders' capital for the most recent five years until February 28, 2022 are as follows:

Date	Event	Total number of investment units issued (Units)		Unitholders' capital (Yen in millions)		Remark
		Change	Balance	Change	Balance	
March 21, 2017	Capital increase through public offering	156,720	1,676,000	42,625	104,328	(Note 1)
April 14, 2017	Capital increase through third-party allotment	14,000	1,690,000	3,807	108,136	(Note 2)
March 19, 2018	Capital increase through public offering	222,000	1,912,000	51,607	159,743	(Note 3)
April 13, 2018	Capital increase through third-party allotment	15,000	1,927,000	3,486	163,230	(Note 4)
March 1, 2019	Capital increase through public offering	138,000	2,065,000	32,879	196,110	(Note 5)
March 26, 2019	Capital increase through third-party allotment	10,000	2,075,000	2,382	198,492	(Note 6)
March 2, 2020	Capital increase through public offering	121,000	2,196,000	33,273	231,766	(Note 7)
September 1, 2021	Capital increase through public offering	115,000	2,311,000	33,643	265,409	(Note 8)
September 28, 2021	Capital increase through third-party allotment	9,000	2,320,000	2,632	268,042	(Note 9)

(Notes) 1. Investment units were issued by public offering with an issue price of ¥280,868 per unit (paid-in amount: ¥271,983) in order to raise funds for the acquisition of new properties, etc.
2. Additional investment units were issued with a paid-in amount of ¥271,983 per unit in order to raise funds for the acquisition of new properties, etc.
3. Investment units were issued by public offering with an issue price of ¥239,806 per unit (paid-in amount: ¥232,465) in order to raise funds for the acquisition of new properties, etc.
4. Additional investment units were issued with a paid-in amount of ¥232,465 per unit in order to raise funds for the acquisition of new properties, etc.
5. Investment units were issued by public offering with an issue price of ¥245,784 per unit (paid-in amount: ¥238,260) in order to raise funds for the acquisition of new properties, etc.
6. Additional investment units were issued with a paid-in amount of ¥238,260 per unit in order to raise funds for the acquisition of new properties, etc.
7. Investment units were issued by public offering with an issue price of ¥283,670 per unit (paid-in amount: ¥274,986) in order to raise funds for the acquisition of new properties, etc.
8. Investment units were issued by public offering with an issue price of ¥301,791 per unit (paid-in amount: ¥292,552) in order to raise funds for the acquisition of new properties, etc.
9. Additional investment units were issued with a paid-in amount of ¥292,552 per unit in order to raise funds for the acquisition of new properties, etc.
10. There are no investment units that do not have voting rights in accordance with the provisions of Article 308, paragraph 2 of the Companies Act, as applied mutatis mutandis pursuant to Article 94 of the Investment Trusts Act (treasury investment units), or investment units that do not have voting rights in accordance with the provisions of Article 160 of the Regulation for Enforcement of the Act on Investment Trusts and Investment Corporations (Order of the Prime Minister's Office No. 129 of 2000, as amended; hereinafter referred to as the "Regulation for Enforcement of Investment Trusts Act") (cross-held investment units).

[Changes in market price of investment securities]

The highest and lowest prices and the closing prices at the beginning and the end of the period in the REIT section of the Tokyo Stock Exchange, on which DHR's investment securities are listed, by period are as follows:

	28th period	29th period	30th period	31st period	32nd period
Fiscal period ended	February 2020	August 2020	February 2021	August 2021	February 2022
Highest	¥318,000	¥286,500	¥298,300	¥340,000	¥353,000
Lowest	¥269,200	¥181,100	¥240,600	¥272,100	¥309,000
Beginning of period	¥282,000	¥278,500	¥271,900	¥279,300	¥329,000
End of period	¥269,200	¥277,000	¥279,600	¥325,500	¥311,500

(4) Distributions

For the current fiscal period, of the total amount of ¥13,507,372,447 when combining net income of ¥11,685,118,501 and amortization of goodwill of ¥1,982,226,586 and excluding ¥159,972,640 corresponding to a portion of gain on sale of real estate properties, etc., DHR decided to pay a total of ¥13,507,040,000 in distributions, for distributions per unit of ¥5,822, after adjusting the fractional parts of amounts less than ¥1 per investment unit for each type of distribution listed in the breakdown of distributions below. The breakdown of distributions was ¥11,869,120,000 as earnings distributions (¥5,116 per unit) and ¥1,637,920,000 in allowance for temporary difference adjustments as distributions in excess of earnings (¥706 per unit).

	28th period From September 1, 2019 to February 29, 2020	29th period From March 1, 2020 to August 31, 2020	30th period From September 1, 2020 to February 28, 2021	31st period From March 1, 2021 to August 31, 2021	32nd period From September 1, 2021 to February 28, 2022
Unappropriated retained earnings (Yen in thousands)	9,125,933	9,936,041	11,877,987	12,295,795	12,238,902
Amount retained as voluntary reserve / retained earnings carried forward (Note) (Yen in thousands)	2,710,410	779,267	676,191	553,783	369,782
Total distributions (Yen in thousands)	12,533,000	11,917,692	12,859,776	13,435,128	13,507,040
Distributions per unit (Yen)	6,040	5,427	5,856	6,118	5,822
Of the above, total earnings distributions (Yen in thousands)	12,533,000	11,867,184	11,201,796	11,742,012	11,869,120
Earnings distributions per unit (Yen)	6,040	5,404	5,101	5,347	5,116
Of the above, total capital refunds (Yen in thousands)	—	50,508	1,657,980	1,693,116	1,637,920
Capital refunds per unit (Yen)	—	23	755	771	706
Of total capital refunds, total distributions deemed as distributions from the allowance for temporary difference adjustments (Yen in thousands)	—	50,508	1,657,980	1,693,116	1,637,920
Of capital refunds per unit, distributions deemed as distributions from the allowance for temporary difference adjustments per unit (Yen)	—	23	755	771	706
Of total capital refunds, total distributions deemed as distributions from capital refunds for tax purposes	—	—	—	—	—
Of capital refunds per unit, distributions deemed as distributions from capital refunds for tax purposes per unit	—	—	—	—	—

(Note) Amount retained as voluntary reserve from 28th period indicates the sum of the amount retained as reserve for temporary difference adjustments and reserve for distribution after accumulation and reversal of reserves.
Amount retained as retained earnings carried forward from 29th period and subsequent periods indicates the retained earnings carried forward to the following period.

(5) Future Operating Policies and Issues to Be Addressed**i) Investment Environment**

During the current fiscal period, the Japanese economy continued to experience overall challenging conditions due to COVID-19. Amid these conditions, the real GDP growth rate (the 2nd preliminary) showed an increase of 1.1% from October to December 2021 compared with the previous quarter (4.6% annualized). From January 2022 onward, infection prevention measures carried out included third-time vaccinations and reinforcement of the healthcare system, and economic activity is expected to continue normalizing. On the other hand, given the status of infection by new variants of the virus, a state of alert regarding COVID-19 remains, including the implementation of quasi-emergency measures in some areas. Furthermore, with signs of uncertainty due to the situation in Ukraine and so forth, it will be necessary to monitor the impacts on the global economy of factors such as increases in raw material prices, fluctuations in the financial and capital markets, and supply-side restrictions.

In the J-REIT market, the Tokyo Stock Exchange REIT Index was 1,877 points at the end of February 2022.

In the real estate trading market, the effects of the COVID-19 pandemic differed by asset type. There was a strong preference for asset types little affected by the COVID-19 pandemic, such as logistics properties and residential properties. Against the backdrop of global monetary easing, the desire to acquire properties is robust overall among domestic and foreign real-estate investors, and expected yields on high-quality properties are trending at low levels.

ii) Future Operating Policies and Issues to Be Addressed**(a) Growth Strategy**

Due to its shift to a diversified portfolio strategy as a result of the Merger, taking advantage of the expanded opportunities to acquire properties from an extensive range of asset classes, DHR aims to steadily grow its asset size while maximizing unitholder value by securing stable income over the long term.

With a diversified portfolio strategy, DHR's portfolio includes a range of assets with varying risk-return profiles, and as of the date of this report, maintains high occupancy rates for assets held. By investing in various types of assets, DHR deems that it will be able to diversify its portfolio and mitigate the risk of excessive reliance on a limited number of tenants in order to boost portfolio income and generate cash flows that are more consistent.

DHR carefully selects and acquires assets that contribute to increasing unitholder value mainly through the Daiwa House Group's pipeline and plans to maintain its policy of selective investment going forward.

Furthermore, through continuous property replacement, DHR aims to increase the quality of its portfolio and realize increased unitholder value.

(b) ESG Initiatives

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."

The Asset Manager shares the Daiwa House Group's basic approach as DHR's asset manager, and considers that including the environmental, social, and governance considerations 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 established the "Sustainability Policy" to guide our real estate investment management.

The Asset Manager considers efforts such as energy conservation and reducing greenhouse gas emissions in relation to asset management to be of paramount importance. It establishes individual policies for the matter and strives to reduce the burden it puts on the environment.

DHR set targets for reducing greenhouse gas (GHG) emissions by 2030 and, in February 2022, became the first J-REIT to acquire certification for its emission targets from the Science Based Targets initiative (SBTi), which certified that the targets are science-based targets consistent with the standards required by the Paris Agreement.

(c) Distribution Policy

DHR changed part of its distribution policy in the fiscal period ended February 28, 2017 and made it a policy to distribute the amount equivalent to amortization of goodwill to top up net income, and distributions in excess of earnings in the amount equivalent to amortization of goodwill are paid (distribution accounted as an allowance for temporary difference adjustments and other distributions in excess of earnings).

Furthermore, in the case of the occurrence of excess taxable income over accounting income associated with sale of properties that causes a need for DHR to take action to maintain its **favorable tax** status, DHR plans to conduct additional distributions in excess of earnings (distribution accounted as an allowance for temporary difference adjustments) to reduce the incurrence of corporate taxes.

However, where there is an occurrence of special gains such as gain on sale of real estate properties, other distributions in excess of earnings, which is a part of the above-mentioned distributions in excess of earnings in the amount equivalent to amortization of goodwill, can be reduced by an amount equivalent to part of the gain on sale of real estate properties.

DHR's policy is to pay distributions in excess of earnings (distribution accounted as an allowance for temporary difference adjustments and other distributions in excess of earnings) to realize stabilization of distributions on a medium- to long-term basis (Note) while ensuring the level of distributions not impacted by the amortization of goodwill that accompanied the Merger.

(Note) Under the above distribution policy, DHR has the policy to stabilize distributions. However, it is not intended as a guarantee or promise of the payment of distribution and amounts thereof.

iii) Financial Strategy

DHR seeks as its basic policy to execute a well-planned and flexible financial strategy with the aim of ensuring sustainable income on a medium- to long-term basis, contributing to the steady growth and efficient management of its properties and creating management stability.

DHR is also working to improve the stability of its financial base by maintaining and expanding its strong lender formation, by diversifying methods of raising capital through issuance of investment corporation bonds, and by promoting use of long-term fixed rates on interest-bearing debt and staggering repayment dates.

(6) Significant Events after Balance Sheet Date**Debt Financing**

DHR conducted debt financing for the funds for the repayment of ¥3,500 million in long-term loans due on April 1, 2022, as follows:

Lender	Borrowing amount (Yen in millions)	Interest rate	Borrowing date	Repayment date	Method of repayment	Collateral
Sumitomo Mitsui Banking Corporation Sumitomo Mitsui Trust Bank, Limited MUFG Bank, Ltd. Mizuho Bank, Ltd.	3,500	0.89989% (Fixed interest rate)	April 1, 2022	March 31, 2032	Bullet repayment	Unsecured and non-guaranteed

2. Overview of the Investment Corporation

(1) Status of Investment Units

	28th period As of February 29, 2020	29th period As of August 31, 2020	30th period As of February 28, 2021	31st period As of August 31, 2021	32nd period As of February 28, 2022
Total number of authorized investment units	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000
Total number of investment units issued	2,075,000	2,196,000	2,196,000	2,196,000	2,320,000
Unitholders' capital (Yen in thousands)	198,492,847	231,766,153	231,766,153	231,766,153	268,042,601
Number of unitholders	16,349	18,024	19,059	17,839	18,264

(2) Matters concerning Investment Units

The major unitholders as of February 28, 2022 are as follows:

Name	Number of investment units held (Units)	Percentage of investment units held against the total number of investment units issued (%) (Note)
Custody Bank of Japan, Ltd. (Trust account)	402,963	17.4
The Master Trust Bank of Japan, Ltd. (Trust account)	344,884	14.9
Daiwa House Industry Co., Ltd.	191,200	8.2
The Nomura Trust and Banking Co., Ltd. (Investment trust account)	88,448	3.8
SMBC Nikko Securities Inc.	65,953	2.8
Custody Bank of Japan, Ltd. (Securities investment trust account)	65,746	2.8
Mizuho Securities Co., Ltd.	46,353	2.0
State Street Bank West Client - Treaty 505234	43,212	1.9
SSBTC CLIENT OMNIBUS ACCOUNT	39,352	1.7
JAPAN SECURITIES FINANCE CO., LTD.	34,240	1.5
Total	1,322,351	57.0

(Note) The percentages are rounded to the first decimal place.

(3) Officers

The following table provides information about the officers.

Title and post	Name	Major concurrent position	Total remuneration per title during the 32nd period (Yen in thousands)
Executive Director	Toshiharu Asada	–	2,400
	Hiroshi Ishikawa	Attorney, Ohhara Law Office Outside Director, Japan Medical Dynamic Marketing, INC.	2,100
Supervisory Directors	Junko Kogayu (Note 2)	Professor, Tohoku University Accounting School Certified Public Accountant, Junko Kogayu Certified Public Accountant Firm Certified Public Tax Accountant, Ayako Takeuchi Certified Public Tax Accountant Firm Outside Director and Audit & Supervisory Committee Member, NITCHO Corporation Outside Director and Audit & Supervisory Committee Member, Nisshin Corporation	1,050
	Tetsuya Iwasaki (Note 2)	Certified Public Accountant and Tax Accountant, Citia Certified Public Accountant Firm Outside Director, Uoriki Co., Ltd.	1,050
Accounting Auditor	Ernst & Young ShinNihon LLC	–	41,500

(Notes) 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.
2. Former Supervisory Director Tetsuya Iwasaki retired on November 30, 2021, and on December 1, 2021, Junko Kogayu was newly appointed as Supervisory Director.
3. Dismissal or non-reappointment of the Accounting 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 remuneration for audits.
4. ¥24,000 thousand of the remuneration for the Accounting Auditor is related to the preparation of a comfort letter.

(4) Liability Insurance Policy for Officers

The liability insurance policy for officers entered into by DHR is as follows.

Scope of insureds	Summary of the policy
Executive Directors and Supervisory Directors	(Outline of insured accidents to be covered) The policy covers compensation for damages, legal costs, etc. incurred by insureds as a result of a claim for damages arising from an act performed by insureds based on their position. (Percentage of insurance premiums to be paid) The entire amount is borne by DHR. (Measures to ensure that the appropriateness of the execution of duties is not impaired) Damages incurred by the insured due to criminal acts or acts committed with the knowledge that they violate laws and regulations are not covered.

(5) Asset Manager, Custodian and General Administrators

Business	Name
Asset Manager	Daiwa House Asset Management Co., Ltd.
Custodian	Sumitomo Mitsui Trust Bank, Limited
General Administrator	Sumitomo Mitsui Trust Bank, Limited
Transfer agent / Special account administrator	Sumitomo Mitsui Trust Bank, Limited
Administrator of investment corporation bonds	Sumitomo Mitsui Trust Bank, Limited, MUFG Bank, Ltd., Sumitomo Mitsui Banking Corporation

3. Portfolio of DHR

(1) Composition of Assets

The following table provides information about the composition of assets.

Type of assets	Asset class	Area (Note 1)	31st period August 31, 2021		32nd period February 28, 2022		
			Total amount held (Yen in millions) (Note 2)	Percentage to total assets (%) (Note 3)	Total amount held (Yen in millions) (Note 2)	Percentage to total assets (%) (Note 3)	
Real estate	Residential properties	Greater Tokyo area	23,589	2.6	23,468	2.4	
		Three major metropolitan areas of Japan	Greater Nagoya area	895	0.1	889	0.1
		Greater Osaka area	13,176	1.5	13,123	1.4	
		Other	3,348	0.4	3,317	0.3	
	Retail properties	Other	1,471	0.2	1,471	0.2	
	Subtotal	42,481	4.7	42,269	4.4		
Trust beneficiary interests in real estate	Logistics properties	Greater Tokyo area	275,029	30.5	331,599	34.4	
		Three major metropolitan areas of Japan	Greater Nagoya area	15,469	1.7	15,373	1.6
		Greater Osaka area	22,407	2.5	22,252	2.3	
		Other	86,898	9.7	86,275	8.9	
	Residential properties	Greater Tokyo area	164,071	18.2	164,682	17.1	
		Three major metropolitan areas of Japan	Greater Nagoya area	5,784	0.6	5,745	0.6
		Greater Osaka area	5,904	0.7	5,924	0.6	
		Other	3,510	0.4	1,107	0.1	
	Retail properties	Greater Tokyo area	32,074	3.6	31,957	3.3	
		Three major metropolitan areas of Japan	Greater Nagoya area	2,390	0.3	2,390	0.2
		Greater Osaka area	23,045	2.6	22,937	2.4	
		Other	62,642	7.0	62,360	6.5	
	Hotel properties	Greater Tokyo area	4,691	0.5	4,668	0.5	
		Three major metropolitan areas of Japan	Greater Nagoya area	4,494	0.5	5,418	0.6
		Greater Osaka area	1,432	0.2	1,423	0.1	
		Other	8,216	0.9	8,160	0.8	
	Other assets	Three major metropolitan areas of Japan	Greater Tokyo area	3,209	0.4	3,195	0.3
		Other	23,169	2.6	37,395	3.9	
	Subtotal			744,444	82.7	812,867	84.3
	Deposits and other assets			113,385	12.6	109,532	11.4
Total assets			900,310	100.0	964,669	100.0	

(Notes) 1. Three major metropolitan areas of Japan in “Area” are the greater Tokyo area (Tokyo, Kanagawa, Saitama and Chiba), the greater Nagoya area (Aichi, Gifu and Mie) and the greater Osaka area (Osaka, Kyoto, Hyogo, Nara and Shiga). The same shall apply hereinafter.
2. “Total amount held” represents the amounts recorded on the balance sheets as of the last day of each fiscal period (August 31, 2021 and February 28, 2022), which are rounded down to the nearest million yen. For real estate properties and trust beneficiary interests in real estate (may be referred to as “real estate in trust” or “trust beneficiary interests in real estate”), the amounts are their acquisition prices (including expenses associated with the acquisition) less accumulated depreciation.
3. “Percentage to total assets” is rounded to the first decimal place.

(2) Principal Assets Held

The overview of principal assets held by DHR as of February 28, 2022 (top ten properties in terms of book value at the end of the period) is as follows:

Property name	Book value (Yen in millions) (Note 1)	Leasable area (m ²) (Note 2)	Leased area (m ²) (Note 3)	Occupancy rate (%) (Note 4)	Rate to total real estate rental revenues (%) (Note 5)	Primary use
iiias Tsukuba	33,802	138,900.39	138,900.39	100.0	3.7	Retail
DPL Nagareyama I	32,250	124,489.93	124,489.93	100.0	(Note 6)	Logistics
DPL Nagareyama III	32,045	106,859.16	106,859.16	100.0	(Note 6)	Logistics
GRANODE Hiroshima	28,519	29,924.46	29,781.85	99.5	3.4	Other assets
D Project Urayasu II	25,324	72,320.01	72,320.01	100.0	(Note 6)	Logistics
DPL Misato	16,301	55,864.47	55,864.47	100.0	(Note 6)	Logistics
D Project Hiratsuka	15,212	65,272.52	65,272.52	100.0	(Note 6)	Logistics
D Project Hachioji	14,793	62,394.17	62,394.17	100.0	(Note 6)	Logistics
DPL Fukuoka Kasuya	12,848	73,754.20	73,754.20	100.0	(Note 6)	Logistics
D Project Itabashi Shingashi	12,367	33,763.46	33,763.46	100.0	(Note 6)	Logistics
Total	223,465	763,542.77	763,400.16	100.0	22.4	–

(Notes) 1. “Book value” is the amount recorded on the balance sheets as of February 28, 2022 (in the case of real estate and real estate in trust, “Book value” is the acquisition price (including expenses associated with the acquisition) less accumulated depreciation), which is rounded down to the nearest million yen.
2. “Leasable area” means the leasable area of the building (or land in the case of land properties) in relation to each real estate or each real estate in trust and the figures stated refer to the area DHR believes is leasable as indicated in the relevant lease agreement or drawing of the building, etc. in relation to each real estate or each real estate in trust as of February 28, 2022. In the cases of each co-owned real estate or quasi co-owned trust beneficiary interests, the leasable area of the entire real estate multiplied by the ratio of co-ownership of the real estate or quasi co-ownership of the trust beneficiary interests in real estate held by DHR is provided.
3. “Leased area” represents the leased area in the leasable area as indicated in the lease agreement in relation to each real estate or each real estate in trust as of February 28, 2022. However, in the case of a pass-through type master lease agreement entered into with the master lease company, the leased area to end-tenants indicated in each sublease agreement entered into between the master lease company and end-tenants for each real estate or each real estate in trust as of February 28, 2022, is provided. As some lease agreements for each real estate or each real estate in trust may indicate leased area that includes portions not included in the gross floor area, the leased area may exceed the gross floor area. In particular, at logistics properties, when eaves are included in the leased area, the leased area may significantly exceed the gross floor area. In the cases of each co-owned real estate or quasi co-owned trust beneficiary interests, the leased area of the entire real estate multiplied by the ratio of co-ownership of the real estate or quasi co-ownership of the trust beneficiary interests in real estate held by DHR is provided.
4. “Occupancy rate” represents occupancy rate (the percentage of leased area to the leasable area) of each property as of February 28, 2022, which is rounded to the first decimal place.
5. “Rate to total real estate rental revenues” is the rental revenues from each real estate or each real estate in trust expressed as a percentage of the total rental revenues from the entire portfolio, rounded to the first decimal place.
6. Undisclosed as consent for disclosure has not been obtained from the lessee.

(3) Description of Portfolio

The overview of portfolio assets held by DHR as of February 28, 2022 (real estate and real estate in trust, etc.) is as follows:

Asset class	Property name	Location (Note 1)	Form of ownership	Leasable area (m ²) (Note 2)	Assessed value at the end of period (Yen in millions) (Note 3)	Book value (Yen in millions) (Note 4)
Logistics properties	D Project Machida	2-1-6, Oyamagaoka, Machida City, Tokyo	Real estate in trust	50,490.39	10,600	9,168
	D Project Hachioji	3-21-1, Minami-Osawa, Hachioji City, Tokyo	Real estate in trust	62,394.17	17,900	14,793
	D Project Aikawa-Machi	4020-12, Aza Sakuradai, Nakatsu, Aikawa-machi, Aiko District, Kanagawa	Real estate in trust	14,240.84	4,680	3,656
	D Project Urayasu I	12-1, Chidori, Urayasu City, Chiba	Real estate in trust	36,515.81	10,100	9,159
	D Project Urayasu II	11-5, Chidori, Urayasu City, Chiba	Real estate in trust	72,320.01	28,300	25,324
	D Project Akanehama	3-2-8, Akanehama, Narashino City, Chiba	Real estate in trust	11,663.39	3,180	2,928
	D Project Noda	1-1, Aza Tamei, Futatsuka, Noda City, Chiba	Real estate in trust	29,232.53	6,940	6,086
	D Project Inuyama	5-5, Aza Takanebora, Inuyama City, Aichi	Real estate in trust	54,197.80	12,540	10,216
	D Project Neyagawa	2-24-12, Shimeno, Neyagawa City, Osaka	Real estate in trust	11,151.51	6,770	5,713
	D Project Morioka	3-18, Ogama-kazabayashi, Takizawa City, Iwate	Real estate in trust	9,558.32	1,210	1,186
	D Project Tsuchiura	20-29, Aza Harayama, Hongo, Tsuchiura City, Ibaraki	Real estate in trust	17,448.86	3,700	3,132
	D Project Fukuoka Umi	384-15, Aza Noguchi, Oaza Ino, Umi-machi, Kasuya District, Fukuoka	Real estate in trust	24,729.56	5,210	4,039
	D Project Tosu	1624, Aza Hasuhara, Himekata-machi, Tosu City, Saga	Real estate in trust	17,858.01	6,440	5,241
	D Project Kuki I	6004-2, Aza Taikoda, Shobu-cho Shobu, Kuki City, Saitama	Real estate in trust	22,708.72	4,670	3,682
	D Project Kuki II	6201-1, Aza Kazarimen, Shobu-cho Sanga, Kuki City, Saitama	Real estate in trust	50,490.00	9,460	7,540
	D Project Kawagoe I	3-2-3, Yoshinodai, Kawagoe City, Saitama	Real estate in trust	16,150.88	4,130	3,352
	D Project Kawagoe II	3-2-4, Yoshinodai, Kawagoe City, Saitama	Real estate in trust	19,872.00	5,750	4,616
	DPL Inuyama	1-8, Aza Nakahiratsuka, Oaza Haguroshinden, Inuyama City, Aichi	Real estate in trust	21,628.50	4,510	3,699

I. Asset Management Report

Asset class	Property name	Location (Note 1)	Form of ownership	Leasable area (m ²) (Note 2)	Assessed value at the end of period (Yen in millions) (Note 3)	Book value (Yen in millions) (Note 4)
Logistics properties	D Project Fukuoka Hakozaki	5-2-1, Hakozakifuto, Higashi Ward, Fukuoka City, Fukuoka	Real estate in trust	34,710.80	4,920	4,119
	D Project Kuki III	6004-1, Aza Taikoda, Shobu-cho Shobu, Kuki City, Saitama	Real estate in trust	26,937.41	9,040	7,136
	D Project Kuki IV	6201-5, Aza Kazarimen, Shobu-cho Sanga, Kuki City, Saitama	Real estate in trust	26,460.00	6,470	5,163
	D Project Kuki V	6201-6, Aza Kazarimen, Shobu-cho Sanga, Kuki City, Saitama	Real estate in trust	47,320.89	11,100	7,786
	D Project Kuki VI	48-3, Kiyoku-cho, Kuki City, Saitama	Real estate in trust	29,244.66	5,960	4,786
	D Project Yashio	50-1, Oaza Shin-machi, Yashio City, Saitama	Real estate in trust	21,965.04	7,050	6,246
	D Project Nishiyodogawa	2-7-48, Nakashima, Nishiyodogawa Ward, Osaka City, Osaka	Real estate in trust	39,584.80	12,100	9,630
	D Project Matsudo	700-3, Aza Nishinooda, Kamihongo, Matsudo City, Chiba	Real estate in trust	26,776.67	8,280	7,035
	D Project Hibiki Nada	3-1-5, Hibiki-machi, Wakamatsu Ward, Kitakyushu City, Fukuoka	Real estate in trust	23,933.75	2,200	1,936
	D Project Morioka II	3-15, Ogama-kazabayashi, Takizawa City, Iwate	Real estate in trust	4,481.00	1,320	1,197
	D Project Kawagoe III	2-8-55, Yoshinodai, Kawagoe City, Saitama	Real estate in trust	39,572.32	8,370	6,812
	D Project Kazo	2-16-1, Okuwa, Kazo City, Saitama	Real estate in trust	18,437.60	3,830	3,173
	D Project Urayasu III	12-1, Chidori, Urayasu City, Chiba	Real estate in trust	39,441.32	9,960	8,438
	D Project Tomisato	7-2, Misawa, Tomisato City, Chiba	Real estate in trust	36,113.25	5,600	4,671
	D Project Kyotanabe	3-50-1, Kannabidai, Kyotanabe City, Kyoto	Real estate in trust	10,965.68	4,010	3,375
	D Project Sendai Izumi	2-9-1, Akedori, Izumi Ward, Sendai City, Miyagi	Real estate in trust	10,764.05	1,650	1,414
	D Project Oyama	2333-34, Aza Atago, Oaza Hari, Oyama City, Tochigi	Real estate in trust	14,106.91	2,080	1,880
	D Project Sano	570-9, Nishiura-cho, Sano City, Tochigi	Real estate in trust	15,668.44	1,880	1,652
	D Project Tatebayashi	110-8, Aza Uchiya, Shimosagawada-cho, Tatebayashi City, Gunma	Real estate in trust	13,521.56	3,330	2,901
	D Project Kakegawa	653-14, Aza Oyabu, Sakagawa, Kakegawa City, Shizuoka	Real estate in trust	39,341.44	6,260	5,682
	D Project Hiroshima Seifu	2-2-1, Tomonishi, Asaminami Ward, Hiroshima City, Hiroshima	Real estate in trust	19,004.72	4,260	3,616
	D Project Tosu II	1621, Aza Hasuhara, Himekata-machi, Tosu City, Saga	Real estate in trust	13,012.50	2,010	1,582
	D Project Kawagoe IV	3-2-1, Yoshinodai, Kawagoe City, Saitama	Real estate in trust	24,684.47	6,400	5,429
	D Project Kuki VII	6004-3, Aza Taikoda, Shobu-cho Shobu, Kuki City, Saitama	Real estate in trust	3,225.46	1,230	1,021
	D Project Chibakita	461-1, Naganumacho, Inage Ward, Chiba City, Chiba	Real estate in trust	24,368.86	8,890	7,437
	D Project Matsudo II	700-1, Aza Nishinooda, Kamihongo, Matsudo City, Chiba	Real estate in trust	25,305.82	9,110	7,926
	D Project Tomisato II	1-6, Misawa, Tomisato City, Chiba	Real estate in trust	40,870.56	7,540	6,576
	D Project Osaka Hirabayashi	2-6-15, Hirabayashikita, Suminoe Ward, Osaka City, Osaka	Real estate in trust	22,485.08	4,320	3,533
	D Project Sendai Izumi II	3-1-1, Akedori, Izumi Ward, Sendai City, Miyagi	Real estate in trust	39,580.46	7,990	6,893
	D Project Kaminokawa	2568-1, Aza Minamihara, Oaza Tako, Kaminokawamachi, Kawachi District, Tochigi	Real estate in trust	52,239.75	8,210	7,540
	D Project Fuji	2261-6, Aza Shiroyama, Obuchi, Fuji City, Shizuoka	Real estate in trust	23,795.40	3,710	3,416
	D Project Tosu III	3-1-3, Yayoigaoka, Tosu City, Saga	Real estate in trust	65,215.07	10,000	8,738
	D Project Kitahachioji I	2969-2, Ishikawamachi, Hachioji City, Tokyo	Real estate in trust	16,523.82	4,780	4,232
	D Project Kitahachioji II	2969-18, Ishikawamachi, Hachioji City, Tokyo	Real estate in trust	21,402.20	6,300	5,616
	D Project Kitahachioji III	2969-19, Ishikawamachi, Hachioji City, Tokyo	Real estate in trust	26,275.05	8,120	7,191
	D Project Itabashi Shingashi	1-2-2, Shingashi, Itabashi Ward, Tokyo	Real estate in trust	33,763.46	13,600	12,367
	D Project Sagamihara	1-2-31, Miyashimo, Chuo Ward, Sagamihara City, Kanagawa	Real estate in trust	16,599.30	4,280	3,804
	D Project Kuki VIII	49-3, Kiyokucho, Kuki City, Saitama	Real estate in trust	29,410.54	6,650	5,935
	D Project Yokkaichi	1947-14, Nakamuracho, Yokkaichi City, Mie	Real estate in trust	6,185.46	1,560	1,457
	D Project Ibaraki Ishioka	6-4, Kashiwabara, Ishioka City, Ibaraki	Real estate in trust	24,493.54	4,290	3,932
	D Project Wako A	5-7-5, Niikura, Wako City, Saitama	Real estate in trust	39,258.06	11,500	10,764
	D Project Hiratsuka	439-1, Aza Kasahari, Okami, Hiratsuka City, Kanagawa	Real estate in trust	65,272.52	15,700	15,212
	DPL Misato	1-3-5, Inter-Minami, Misato City, Saitama	Real estate in trust	55,864.47	19,400	16,301
	DPL Fukuoka Kasuya	642-1, Aza Sanjyuroku, Oaza Uchihashi, Kasuyamachi, Kasuya District, Fukuoka	Real estate in trust	73,754.20	15,200	12,848
	DPL Kitakyushu	5-14, Sonekitamachi, Kokuraminami Ward, Kitakyushu City, Fukuoka	Real estate in trust	26,672.98	3,760	3,320
	DPL Nagareyama I	1374-1, Aza Taneishita, Nishifukai, Nagareyama City, Chiba	Real estate in trust	124,489.93	35,000	32,250
	DPL Shin-Narashino	1-7-1, Akanehama, Narashino City, Chiba	Real estate in trust	12,686.32	6,280	5,925
	DPL Nagareyama III	1597-1, Aza Waseda, Nishifukai, Nagareyama City, Chiba	Real estate in trust	106,859.16	33,800	32,045
	Logistics properties – Subtotal			2,095,298.05	525,390	455,500

Asset class	Property name	Location (Note 1)	Form of ownership	Leasable area (m ²) (Note 2)	Assessed value at the end of period (Yen in millions) (Note 3)	Book value (Yen in millions) (Note 4)
Residential properties	Qiz Ebisu	4-3-1, Ebisu, Shibuya Ward, Tokyo	Real estate in trust	5,230.39	10,100	7,360
	Castalia Azabujuban Shichimenzaka	2-7-5, Azabujuban, Minato Ward, Tokyo	Real estate in trust	3,492.93	4,820	4,097
	Castalia Shibakoen	3-32-10, Shiba, Minato Ward, Tokyo	Real estate in trust	2,707.51	2,580	2,376
	Castalia Ginza	1-14-13, Ginza, Chuo Ward, Tokyo	Real estate in trust	2,226.42	2,620	2,268
	Castalia Hiroo	3-13-3, Nishi Azabu, Minato Ward, Tokyo	Real estate in trust	1,621.59	2,200	2,025
	Castalia Nihonbashi	11-2, Nihonbashi Kabuto-cho, Chuo Ward, Tokyo	Real estate in trust	1,458.73	1,320	1,063
	Castalia Hacchobori	3-27-5, Hacchobori, Chuo Ward, Tokyo	Real estate in trust	2,969.57	2,560	2,017
	Castalia Azabujuban	2-10-1, Azabujuban, Minato Ward, Tokyo	Real estate in trust	2,400.00	3,010	2,760
	Castalia Azabujuban II	2-21-2, Azabujuban, Minato Ward, Tokyo	Real estate in trust	2,094.58	2,770	2,495
	Castalia Shinjuku Natsumezaka	10-1, Kikui-cho, Shinjuku Ward, Tokyo	Real estate in trust	1,917.62	1,770	1,759
	Castalia Ginza II	1-23-4, Ginza, Chuo Ward, Tokyo	Real estate in trust	1,817.56	1,980	1,610
	Castalia Shibuya Sakuragaoka	29-21, Sakuragaoka-cho, Shibuya Ward, Tokyo	Real estate in trust	1,123.80	1,370	1,343
	Castalia Nishi Azabu Kasumicho	1-3-12, Nishi Azabu, Minato Ward, Tokyo	Real estate in trust	2,779.77	2,700	2,298
	Castalia Ochanomizu	3-24-1, Kanda-Ogawamachi, Chiyoda Ward, Tokyo	Real estate in trust	2,559.21	2,560	1,650
	Castalia Sangubashi	4-52-12, Yoyogi, Shibuya Ward, Tokyo	Real estate in trust	1,898.47	1,830	1,452
	Castalia Suitengu	2-8-13, Nihonbashi Kakigaracho, Chuo Ward, Tokyo	Real estate in trust	1,940.94	1,670	1,171
	Castalia Suitengu II	1-38-16, Nihonbashi Kakigaracho, Chuo Ward, Tokyo	Real estate in trust	1,858.34	1,480	1,054
	Castalia Shintomicho	3-10-10, Irifune, Chuo Ward, Tokyo	Real estate in trust	1,444.52	1,230	876
	Castalia Shintomicho II	2-6-4, Irifune, Chuo Ward, Tokyo	Real estate in trust	1,244.54	1,090	789
	Castalia Harajuku	3-55-3, Sendagaya, Shibuya Ward, Tokyo	Real estate in trust	1,225.26	1,170	861
	Castalia Yoyogi Uehara	1-17-16, Uehara, Shibuya Ward, Tokyo	Real estate in trust	811.95	839	637
	Castalia Sendagaya	2-9-10, Sendagaya, Shibuya Ward, Tokyo	Real estate in trust	803.03	743	553
	Castalia Shinjuku 7 chome	7-17-16, Shinjuku, Shinjuku Ward, Tokyo	Real estate in trust	957.60	611	427
	Castalia Ningyocho	7-15, Nihonbashi Tomisawacho, Chuo Ward, Tokyo	Real estate in trust	1,747.90	1,570	861
	Castalia Ningyocho II	8-12, Nihonbashi Tomisawacho, Chuo Ward, Tokyo	Real estate in trust	1,826.80	1,680	955
	Castalia Shin-Ochanomizu	2-3-3, Kanda Awaji-cho, Chiyoda Ward, Tokyo	Real estate in trust	1,308.38	1,250	829
	Castalia Higashi Nihonbashi II	12-11, Nihonbashi Tomisawacho, Chuo Ward, Tokyo	Real estate in trust	2,117.46	1,960	1,241
	Castalia Jinbocho	2-40-8, Kanda-Jinbocho, Chiyoda Ward, Tokyo	Real estate in trust	1,628.80	1,680	1,081
	Castalia Shintomicho III	2-8-8, Irifune, Chuo Ward, Tokyo	Real estate in trust	972.51	887	587
	Castalia Shinjuku Gyoen	2-14-4, Shinjuku, Shinjuku Ward, Tokyo	Real estate in trust	3,594.16	3,670	2,530
	Castalia Takanawadai	3-4-12, Takanawa, Minato Ward, Tokyo	Real estate in trust	1,147.44	1,220	803
	Castalia Higashi Nihonbashi III	3-5-6, Higashi-Nihonbashi, Chuo Ward, Tokyo	Real estate in trust	1,105.20	913	608
	Castalia Shinjuku Gyoen II	1-29-15, Shinjuku, Shinjuku Ward, Tokyo	Real estate in trust	668.79	610	454
	Castalia Shintomicho IV	3-10-8, Irifune, Chuo Ward, Tokyo	Real estate in trust	681.00	569	384
	Castalia Takanawadai II	3-5-6, Takanawa, Minato Ward, Tokyo	Real estate in trust	1,567.84	1,630	1,128
	Castalia Minami Azabu	2-2-27, Minami Azabu, Minato Ward, Tokyo	Real estate in trust	882.67	874	603
	Castalia Ginza III	8-18-2, Ginza, Chuo Ward, Tokyo	Real estate	3,494.42	3,430	2,712
	Castalia Kayabacho	2-1, Nihonbashi Koami-cho, Chuo Ward, Tokyo	Real estate	4,602.95	3,690	2,468
	Castalia Takanawa	2-17-12, Takanawa, Minato Ward, Tokyo	Real estate in trust	10,408.26	9,750	7,298
	Castalia Higashi Nihonbashi	9-14, Nihonbashi Yokoyama-cho, Chuo Ward, Tokyo	Real estate	6,442.28	4,530	3,213
	Castalia Shinjuku	2-6-11, Shinjuku, Shinjuku Ward, Tokyo	Real estate	3,150.80	3,800	2,770
	Castalia Ichigaya	14-4, Ichigaya Yakuoji-machi, Shinjuku Ward, Tokyo	Real estate in trust	1,546.34	1,480	849
	Shibaura Island Bloom Tower	4-20-2, 4-20-3, 4-20-4, Shibaura, Minato Ward, Tokyo	Real estate in trust	16,849.50	9,680	6,137
	Castalia Hatsudai	1-10-9, Honmachi, Shibuya Ward, Tokyo	Real estate in trust	3,077.05	2,630	1,946
	Castalia Hatsudai II	1-33-7, Honmachi, Shibuya Ward, Tokyo	Real estate in trust	2,339.42	2,370	1,823
	Castalia Ebisu	3-15-6, Ebisu, Shibuya Ward, Tokyo	Real estate in trust	1,659.71	1,790	1,371
	Castalia Meguro Kamurozaka	4-31-23, Nishi Gotanda, Shinagawa Ward, Tokyo	Real estate in trust	4,967.97	5,100	3,971
	Castalia Toritsudaigaku	1-4-1, Midorigaoka, Meguro Ward, Tokyo	Real estate in trust	863.70	552	563
	Castalia Yukigaya	2-13-3, Higashi Yukigaya, Ota Ward, Tokyo	Real estate in trust	1,542.30	1,260	970
	Castalia Yutenji	2-14-21, Yutenji, Meguro Ward, Tokyo	Real estate in trust	1,380.35	1,450	1,306
	Castalia Otsuka	3-17-4, Minami Otsuka, Toshima Ward, Tokyo	Real estate in trust	1,871.70	1,770	1,331
	Castalia Kikukawa	2-1-12, Kikukawa, Sumida Ward, Tokyo	Real estate in trust	1,168.18	927	716
	Castalia Meguro	2-1-13, Meguro, Meguro Ward, Tokyo	Real estate in trust	1,414.73	1,300	860
	Castalia Otsuka II	2-32-20, Higashi-Ikebukuro, Toshima Ward, Tokyo	Real estate in trust	1,784.50	1,510	946
	Castalia Jiyugaoka	1-20-1, Jiyugaoka, Meguro Ward, Tokyo	Real estate in trust	1,472.47	1,630	1,166
	Castalia Mejiro	2-8-16, Takada, Toshima Ward, Tokyo	Real estate in trust	1,658.90	1,220	928
	Castalia Ikebukuro	3-1-12, Nishi-Ikebukuro, Toshima Ward, Tokyo	Real estate in trust	3,644.35	3,240	2,370
	Castalia Kaname-cho	5-26-10 Nishi-Ikebukuro, Toshima Ward, Tokyo	Real estate in trust	1,624.06	1,410	1,068
	Castalia Tower Shinagawa Seaside	4-10-18, Higashi Shinagawa, Shinagawa Ward, Tokyo	Real estate in trust	12,732.35	10,000	6,687
	Castalia Yakumo	2-20-5, Yakumo, Meguro Ward, Tokyo	Real estate	1,276.91	920	814
	Castalia Togoshiekimae	1-7-16, Hiratsuka, Shinagawa Ward, Tokyo	Real estate	2,014.12	2,340	1,421
	Castalia Honjo Azumabashi	3-7-11, Honjo, Sumida Ward, Tokyo	Real estate in trust	2,255.88	1,370	945

Asset class	Property name	Location (Note 1)	Form of ownership	Leasable area (m ²) (Note 2)	Assessed value at the end of period (Yen in millions) (Note 3)	Book value (Yen in millions) (Note 4)
Residential properties	Castalia Kitazawa	1-15-5, Kitazawa, Setagaya Ward, Tokyo	Real estate in trust	1,220.16	935	732
	Castalia Monzennakacho	1-17-12, Fukuzumi, Koto Ward, Tokyo	Real estate in trust	887.94	679	456
	Castalia Kamiikedai	1-4-15, Kamiikedai, Ota Ward, Tokyo	Real estate in trust	414.45	240	175
	Castalia Morishita	1-16-12, Morishita, Koto Ward, Tokyo	Real estate in trust	1,383.90	1,190	765
	Castalia Wakabayashikoen	4-39-4, Wakabayashi, Setagaya Ward, Tokyo	Real estate in trust	1,425.43	959	758
	Castalia Asakusabashi	2-16-21, Yanagi-bashi, Taito Ward, Tokyo	Real estate in trust	1,537.84	1,070	710
	Castalia Iriya	3-1-28, Shitaya, Taito Ward, Tokyo	Real estate in trust	1,415.15	732	501
	Castalia Kita Ueno	1-15-5, Kita-Ueno, Taito Ward, Tokyo	Real estate in trust	4,197.66	3,250	2,381
	Castalia Morishita II	2-12-11, Shin-Ohashi, Koto Ward, Tokyo	Real estate	1,275.60	939	586
	Castalia Minowa	5-24-4, Negishi, Taito Ward, Tokyo	Real estate	2,406.41	1,760	1,286
	Castalia Oyamadai	7-14-13, Todoroki, Setagaya Ward, Tokyo	Real estate	857.32	656	505
	Castalia Nakano	2-12-13, Arai, Nakano Ward, Tokyo	Real estate	1,613.86	1,410	967
	Castalia Yoga	1-3-12, Tamagawadai, Setagaya Ward, Tokyo	Real estate	1,472.38	1,240	851
	Castalia Sumiyoshi	2-8-11, Sumiyoshi, Koto Ward, Tokyo	Real estate	1,362.60	1,140	833
	Castalia Monzennakacho II	2-2-9, Tomioka, Koto Ward, Tokyo	Real estate	3,038.98	3,050	1,908
	Castalia Oshiage	3-5-2, Mukoujima, Sumida Ward, Tokyo	Real estate	1,785.24	1,300	939
	Castalia Kuramae	3-9-4, Kuramae, Taito Ward, Tokyo	Real estate	1,994.93	1,660	1,088
	Castalia Nakanobu	4-7-11, Nakanobu, Shinagawa Ward, Tokyo	Real estate in trust	2,421.82	2,580	1,623
	Royal Parks Toyosu	3-5-21, Toyosu, Koto Ward, Tokyo	Real estate in trust	18,112.03	11,000	5,528
	Castalia Togoshi	5-2-1, Togoshi, Shinagawa Ward, Tokyo	Real estate in trust	2,629.59	2,580	1,511
	Castalia Ooimachi	4-2-11, Ooi, Shinagawa Ward, Tokyo	Real estate	1,413.75	1,710	1,100
	Castalia Omori	1-19-20, Omori kita, Ota Ward, Tokyo	Real estate in trust	2,046.36	1,930	1,387
	Castalia Mishuku	1-3-39, Taishidou, Setagaya Ward, Tokyo	Real estate in trust	2,640.86	2,550	1,757
	Castalia Arakawa	2-3-1, Arakawa, Arakawa Ward, Tokyo	Real estate in trust	3,797.92	2,400	1,499
	Castalia Omori II	1-8-13, Omori kita, Ota Ward, Tokyo	Real estate in trust	2,818.70	3,160	2,252
	Castalia Nakameguro	1-18-7, Aobadai, Meguro Ward, Tokyo	Real estate in trust	3,166.71	5,000	3,718
	Castalia Meguro Chojyamaru	2-8-1, Kamiosaki, Shinagawa Ward, Tokyo	Real estate in trust	2,123.77	2,680	1,975
	Castalia Meguro Takaban	1-6-19, Takaban, Meguro Ward, Tokyo	Real estate in trust	1,961.52	2,120	1,717
	Castalia Omori III	5-21-11, Minami-ooi, Shinagawa Ward, Tokyo	Real estate in trust	2,004.80	1,900	1,431
	Castalia Meguro Tairamachi	1-23-8, Tairamachi, Meguro Ward, Tokyo	Real estate in trust	1,278.52	1,430	1,171
	Royal Parks SEASIR	1-16-2, Nishiarai Sakae-cho, Adachi Ward, Tokyo	Real estate in trust	17,269.74	5,190	3,799
	Castalia Honkomagome	6-21-2, Honkomagome, Bunkyo Ward, Tokyo	Real estate in trust	2,224.41	1,970	1,465
	Cosmo Heim Musashikosugi	2-8, Kizuki Ise-cho, Nakahara Ward, Kawasaki City, Kanagawa	Real estate in trust	4,208.83	2,280	1,643
	Castalia Tsurumi	3-5-10, Tsurumi Chuo, Tsurumi Ward, Yokohama City, Kanagawa	Real estate in trust	1,452.09	816	565
	Castalia Funabashi	4-4-8, Honcho, Funabashi City, Chiba	Real estate in trust	1,552.01	859	660
	Castalia Nishi Funabashi	4-19-16, Nishi Funa, Funabashi City, Chiba	Real estate in trust	1,597.32	1,030	714
	Castalia Nogeeyama	1-8-1, Hinodecho, Naka Ward, Yokohama City, Kanagawa	Real estate in trust	744.90	389	298
	Castalia Ichikawa	1-24-3, Ichikawa, Ichikawa City, Chiba	Real estate in trust	876.89	599	404
	Royal Parks Hanakoganei	1-8-2, Hanakoganei, Kodaira City, Tokyo	Real estate in trust	18,153.57	6,860	4,500
	Castalia Musashikosugi	2-21, Imaikami-cho, Nakahara Ward, Kawasaki City, Kanagawa	Real estate in trust	2,179.80	2,020	1,598
	Royal Parks Wakabadai	2-1-1, Wakabadai, Inagi City, Tokyo	Real estate in trust	21,367.93	4,900	3,475
	Pacific Royal Court Minatomirai Urban Tower	5-3-3, Minatomirai, Nishi Ward, Yokohama City, Kanagawa	Real estate in trust	26,294.49	11,700	7,444
	L-Place Shinkoyasu	3-298-1, Koyasu-dori, Kanagawa Ward, Yokohama City, Kanagawa	Real estate in trust	3,009.74	2,300	1,595
	Royal Parks Musashikosugi	13-8, Aza Shinjuku-kochi, Nakamaruko, Nakahara Ward, Kawasaki City, Kanagawa	Real estate in trust	3,808.97	1,370	904
	Castalia Sakaisuji Honmachi	1-3-7, Kyutarochi, Chuo Ward, Osaka City, Osaka	Real estate in trust	3,471.39	1,980	1,255
	Castalia Shin-Umeda	6-8-21, Nakatsu, Kita Ward, Osaka City, Osaka	Real estate in trust	3,279.90	1,790	1,215
	Castalia Abeno	2-4-37, Abeno-Suji, Abeno Ward, Osaka City, Osaka	Real estate	10,920.75	6,000	4,003
	Castalia Sakae	4-16-10, Sakae, Naka Ward, Nagoya City, Aichi	Real estate	2,836.00	1,330	889
	Castalia Higashi Hie	5-31, Hie-cho, Hakata Ward, Fukuoka City, Fukuoka	Real estate	3,061.60	1,160	840
	Castalia Tower Nagahoribashi	1-15-25, Shimanouchi, Chuo Ward, Osaka City, Osaka	Real estate	8,747.40	5,000	2,815
	Castalia Sannomiya	3-2-31, Isobedori, Chuo Ward, Kobe City, Hyogo	Real estate	3,071.60	1,630	1,064
	Castalia Kotodaikoen	3-10-24, Kokubun-cho, Aoba Ward, Sendai City, Miyagi	Real estate	1,684.10	596	388
	Castalia Ichibancho	1-6-27, 1-6-30, Ichibancho, Aoba Ward, Sendai City, Miyagi	Real estate	2,800.32	985	663
	Castalia Omachi	2-5-8, Omachi, Aoba Ward, Sendai City, Miyagi	Real estate	2,149.08	860	574
	Castalia Uemachidai	4-1-12, Uehonmachi Nishi, Chuo Ward, Osaka City, Osaka	Real estate	5,415.39	3,000	1,977
	Castalia Tower Higobashi	1-2-24, Tosabori, Nishi Ward, Osaka City, Osaka	Real estate	6,230.20	3,800	2,302
	Castalia Fushimi	1-8-49, Nishiki, Naka Ward, Nagoya City, Aichi	Real estate in trust	7,022.69	3,240	1,862

Asset class	Property name	Location (Note 1)	Form of ownership	Leasable area (m ²) (Note 2)	Assessed value at the end of period (Yen in millions) (Note 3)	Book value (Yen in millions) (Note 4)
Residential properties	Castalia Meieki Minami	1-12-22, Meiekininami, Nakamura Ward, Nagoya City, Aichi	Real estate in trust	1,822.10	999	626
	Castalia Yakuin	2-3-13, Imaizumi, Chuo Ward, Fukuoka City, Fukuoka	Real estate	2,784.83	1,270	850
	Castalia Mibu	79, Mibu Aiai-cho, Nakagyo Ward, Kyoto City, Kyoto	Real estate in trust	2,828.39	1,620	1,030
	Castalia Tsutsujigaoka	4-2-35, Shintera, Wakabayashi Ward, Sendai City, Miyagi	Real estate in trust	4,471.11	1,880	1,107
	Royal Parks Namba	2-2-40, Minato machi, Naniwa Ward, Osaka City, Osaka	Real estate in trust	10,354.15	3,000	2,423
	Castalia Shigahondori	1-15-2, Wakabadori, Kita Ward, Nagoya City, Aichi	Real estate in trust	5,086.69	2,320	1,491
	Castalia Kyoto Nishioji	100-1, Shichijyo Goshonouchi Minamimachi, Shimogyo Ward, Kyoto City, Kyoto	Real estate	2,035.37	1,120	960
	Castalia Ningyocho III	1-2-3, Nihonbashi Ningyocho, Chuo Ward, Tokyo	Real estate in trust	2,897.06	2,930	1,930
	Royal Parks Umejima	5-25-33, Umeda, Adachi Ward, Tokyo	Real estate in trust	6,828.78	2,460	1,830
	Castalia Shinsakae II	1-29-21, Shinsakae, Naka Ward, Nagoya City, Aichi	Real estate in trust	4,425.46	2,060	1,763
	Castalia Sumiyoshi II	1-16-1, Sumiyoshi, Koto Ward, Tokyo	Real estate in trust	1,687.89	1,480	1,512
	Residential properties – Subtotal			446,435.62	308,728	218,257
	ACROSSMALL Shinkamagaya	2-12-1, Shin-Kamagaya, Kamagaya City, Chiba	Real estate in trust	41,742.84	8,690	7,273
	FOLEO Hirakata	1-20-10, Koyamichi, Hirakata City, Osaka	Real estate in trust	16,390.96	4,670	4,334
	QIZ GATE URAWA	3720, Aza Fudodani, Oaza Nakao, Midori Ward, Saitama City, Saitama	Real estate in trust	9,720.49	4,550	4,093
	UNICUS Takasaki	1150-5, Aza Nishikanai, Iizuka-machi, Takasaki City, Gunma	Real estate in trust	9,277.08	3,220	2,882
	ACROSSPLAZA Miyoshi (Land)	855-403, Aza Kitashinno, Oaza Fujikubo, Miyoshi-machi, Iruma District, Saitama	Real estate in trust	24,018.00	3,940	3,740
	DREAM TOWN ALI	3-1-1, Hamada, Aomori City, Aomori	Real estate in trust	22,196.81	8,160	7,774
	ASOBOX (Land)	2-2-16, Nakatsuguchi, Kokura Kita Ward, Kitakyushu City, Fukuoka	Real estate in trust	11,207.90	1,980	1,617
	FOLEO Ome Imai	3-10-9, Imai, Ome City, Tokyo	Real estate in trust	8,637.91	3,950	3,668
Retail properties	FOLEO Otsu Ichiriyama	7-1-1, Ichiriyama, Otsu City, Shiga	Real estate in trust	62,917.73	8,750	7,993
	FOLEO Hakata	1-14-46, Higashinaka, Hakata Ward, Fukuoka City, Fukuoka	Real estate in trust	23,230.77 (Note 5)	3,750	3,095
	ACROSSMALL Semboku (Land)	5-456-67, Harayamadai, Minami Ward, Sakai City, Osaka	Real estate in trust	30,824.72	3,880	3,383
	Iias Tsukuba	5-19, Kenkyugakuen, Tsukuba City, Ibaraki	Real estate in trust	138,900.39	34,300	33,802
	LIFE Sagamihara Wakamatsu	5-19-5, Wakamatsu, Minami Ward, Sagamihara City, Kanagawa	Real estate in trust	2,973.44	1,850	1,637
	FOLEO Sendai Miyanomori	4-14-5, Higashisendai, Miyagino Ward, Sendai City, Miyagi	Real estate in trust	19,845.72	7,520	6,836
	ACROSSPLAZA Inazawa (Land)	5-1-1, Otsuka Minami, Inazawa City, Aichi	Real estate in trust	31,981.70	2,580	2,390
	Sports Depo and GOLF5 Kokurahigashi IC Store	2-18-17, Kamikuzuhara, Kokuraminami Ward, Kitakyushu City, Fukuoka	Real estate in trust	8,899.89	2,460	2,104
	Hiratsuka Retail Property (Land)	1-2, Kuryozutsumi, Hiratsuka City, Kanagawa	Real estate in trust	28,002.92	6,690	5,857
	Royal Home Center Morinomiya (Land)	1-540-1, Tamatsukuri, Chuo Ward, Osaka City, Osaka	Real estate in trust	6,669.74	5,290	4,541
	Aoyama Tailor Bunkyo Sengoku Ekimae Store	2-29-21, Honkomagome, Bunkyo Ward, Tokyo	Real estate in trust	1,066.95	779	764
	FOLEO Shobu	6006-1, Aza Terada, Shobu, Shobucho, Kuki City, Saitama	Real estate in trust	19,104.17	5,140	4,921
	Hapias Kaita (Land)	2-1262-11, Une, Kaita-cho, Aki District, Hiroshima	Real estate	13,415.52	1,520	1,471
	COMBOX310	1-107-1, Miyamachi, Mito City, Ibaraki	Real estate in trust	30,517.69	4,670	4,245
	Sports Plaza Ibaraki	6-2, Eidai-cho, Ibaraki City, Osaka (Retail Building) 9-22, Eidai-cho, Ibaraki City, Osaka (Land of Parking Garage)	Real estate in trust	9,470.27	2,770	2,683
	Retail properties – Subtotal			571,013.61	131,109	121,116
Hotel properties	Daiwa Roynet Hotel Yokohama Kannai	2-7-4, Hagoromocho, Naka Ward, Yokohama City, Kanagawa	Real estate in trust	7,932.37	5,030	4,668
	Super Hotel JR Nara Station Sanjo Street	500-1, Sanjo-cho, Nara City, Nara	Real estate in trust	2,637.18	1,480	1,423
	Daiwa Roynet Hotel Nagoya Shinkansenguchi	1-23, Tsubakicho, Nakamura Ward, Nagoya City, Aichi	Real estate in trust	7,605.41	4,380	5,418
	AGORA Kanazawa	2-25-17, Katamachi, Kanazawa City, Ishikawa	Real estate in trust	7,011.58	5,120	5,068
	Candeo Hotels Nagasaki Shinchi Chinatown	3-12 Doza-machi, Nagasaki City, Nagasaki	Real estate in trust	6,770.65	3,140	3,092
Hotel properties – Subtotal				31,957.19	19,150	19,671

Asset class	Property name	Location (Note 1)	Form of ownership	Leasable area (m ²) (Note 2)	Assessed value at the end of period (Yen in millions) (Note 3)	Book value (Yen in millions) (Note 4)
Other assets	Urban Living Inage	327-1, Sanno-cho, Inage Ward, Chiba City, Chiba	Real estate in trust	4,177.52	1,270	789
	Aburatsubo Marina HILLS	1523-1, Aza Shirasu, Misaki-machi Moroiso, Miura City, Kanagawa	Real estate in trust	3,901.14	1,280	1,025
	Naha Shin-Toshin Center Building (Daiwa Roynet Hotel Naha-Omoromachi)	1-1-12, Omoromachi, Naha City, Okinawa	Real estate in trust	13,480.00	8,100	7,084
	Sharp Hiroshima Building	2-13-4, Nishihara, Asaminami Ward, Hiroshima City, Hiroshima	Real estate in trust	3,064.89	1,970	1,791
	Nursery Room Berry Bear Omori Nishi Welcia Ota Omori Nishi Store	5-25-21, Omorinishi, Ota Ward, Tokyo	Real estate in trust	1,345.60	1,380	1,381
	GRANODE Hiroshima	3-5-7, Futabanosato, Higashi Ward, Hiroshima City, Hiroshima	Real estate in trust	29,924.46	31,400	28,519
	Other – Subtotal			55,893.61	45,400	40,591
Total				3,200,598.08	1,029,777	855,137

- (Notes) 1. "Location" means displayed address of each real estate or each real estate in trust. If a property does not have a displayed address, the address of the building in the register (when there is more than one address, any of them) is shown. For land properties, the address of the land in the register is shown as location.
2. "Leasable area" means the leasable area of the building (or land in the case of land properties) in relation to each real estate or each real estate in trust and the figures stated refer to the area DHR believes is leasable as indicated in the relevant lease agreement or drawing of the building, etc. in relation to each real estate or each real estate in trust as of February 28, 2022. In the cases of each co-owned real estate or quasi co-owned trust beneficiary interests, the leasable area of the entire real estate multiplied by the ratio of co-ownership of the real estate or quasi co-ownership of the trust beneficiary interests in real estate held by DHR is provided.
3. "Assessed value at the end of period" is the appraisal value as of February 28, 2022 provided by real estate appraisers (Daiwa Real Estate Appraisal Co., Ltd., Chuo Real Estate Appraisal Co., Ltd., The Tanizawa Sōgō Appraisal Co., Ltd., Japan Real Estate Institute and JLL Mori Valuation & Advisory K.K.) in accordance with the Articles of Incorporation of DHR as well as "Regulations on Accounting of Investment Corporations." The amounts are rounded down to the nearest million yen. There is no special interest between DHR and each real estate appraiser.
4. "Book value" is the amount recorded on the balance sheets as of February 28, 2022 (in the case of real estate and real estate in trust, "Book value" is the acquisition price (including expenses associated with the acquisition) less accumulated depreciation), which is rounded down to the nearest million yen.
5. Separately from the building of this property, a part of the land of this property is leased to the lessee for the purpose of subleasing to Fukuoka Prefecture and other third parties as land for a police station, etc. Therefore, the area of such leased land is not included in the leasable area.

The status of rental business related to each asset held by DHR is as follows:

Asset class	Property name	31st period (From March 1, 2021 to August 31, 2021)			32nd period (From September 1, 2021 to February 28, 2022)		
		Occupancy rate (as of the end of period) (%) (Note 1)	Rental revenues (during the period) (Yen in thousands)	Rate to total real estate rental revenues (%) (Note 2)	Occupancy rate (as of the end of period) (%) (Note 1)	Rental revenues (during the period) (Yen in thousands)	Rate to total real estate rental revenues (%) (Note 2)
Logistics properties	D Project Machida	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Hachioji	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Aikawa-Machi	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Urayasu I	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Urayasu II	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Akanehama	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Noda	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Inuyama	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Neyagawa	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Morioka	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Tsuchiura	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Fukuoka Umi	100.0	132,010	0.5	100.0	136,346	0.5
	D Project Tosu	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Kuki I	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Kuki II	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Kawagoe I	100.0	102,933	0.4	100.0	102,969	0.4
	D Project Kawagoe II	100.0	142,536	0.5	100.0	142,558	0.5
	DPL Inuyama	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Fukuoka Hakozaki	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Kuki III	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Kuki IV	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Kuki V	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Kuki VI	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Yashio	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Nishiyodogawa	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Matsudo	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Hibiki Nada	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Morioka II	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Kawagoe III	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Kazo	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Urayasu III	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Tomisato	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Kyotanabe	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Sendai Izumi	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Oyama	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Sano	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Tatebayashi	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Kakegawa	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Hiroshima Seifu	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Tosu II	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Kawagoe IV	100.0	161,023	0.6	100.0	161,046	0.6
	D Project Kuki VII	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Chibakita	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Matsudo II	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Tomisato II	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Osaka Hirabayashi	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Sendai Izumi II	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Kaminokawa	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Fuji	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Tosu III	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Kitahachioji I	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Kitahachioji II	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Kitahachioji III	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)

Asset class	Property name	31st period (From March 1, 2021 to August 31, 2021)			32nd period (From September 1, 2021 to February 28, 2022)		
		Occupancy rate (as of the end of period) (%) (Note 1)	Rental revenues (during the period) (Yen in thousands)	Rate to total real estate rental revenues (%) (Note 2)	Occupancy rate (as of the end of period) (%) (Note 1)	Rental revenues (during the period) (Yen in thousands)	Rate to total real estate rental revenues (%) (Note 2)
Logistics properties	D Project Itabashi Shingashi	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Sagamihara	100.0	102,828	0.4	100.0	102,828	0.4
	D Project Kuki VIII	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Yokkaichi	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Ibaraki Ishioka	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Wako A	–	–	–	100.0	(Note 3)	(Note 3)
	D Project Hiratsuka	–	–	–	100.0	(Note 3)	(Note 3)
	DPL Misato	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	DPL Fukuoka Kasuya	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	DPL Kitakyushu	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	DPL Nagareyama I	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	DPL Shin-Narashino	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	DPL Nagareyama III	–	–	–	100.0	(Note 3)	(Note 3)
	Logistics properties – Subtotal	100.0	12,266,339	44.8	100.0	13,604,320	47.0
	Qiz Ebisu	93.8	253,916	0.9	96.8	238,528	0.8
Residential properties	Castalia Azabujuban Shichimenzaka	96.0	115,328	0.4	96.8	113,082	0.4
	Castalia Shibakoen	95.5	67,423	0.2	91.6	67,858	0.2
	Castalia Ginza	86.2	65,221	0.2	98.7	66,937	0.2
	Castalia Hiroo	100.0	54,420	0.2	97.6	52,309	0.2
	Castalia Nihonbashi	86.3	36,698	0.1	93.3	36,575	0.1
	Castalia Hacchobori	93.3	65,943	0.2	96.9	63,571	0.2
	Castalia Azabujuban	96.7	74,810	0.3	95.9	72,197	0.2
	Castalia Azabujuban II	90.5	67,248	0.2	88.4	61,805	0.2
	Castalia Shinjuku Natsumezaka	98.5	49,486	0.2	96.1	48,539	0.2
	Castalia Ginza II	92.1	51,834	0.2	98.7	49,542	0.2
	Castalia Shibuya Sakuragaoka	85.9	35,875	0.1	92.6	33,498	0.1
	Castalia Nishi Azabu Kasumicho	88.2	75,334	0.3	94.0	72,821	0.3
	Castalia Ochanomizu	100.0	62,165	0.2	100.0	62,124	0.2
	Castalia Sangubashi	100.0	47,503	0.2	100.0	48,320	0.2
	Castalia Suitengu	92.3	46,187	0.2	98.7	44,339	0.2
	Castalia Suitengu II	85.3	39,956	0.1	94.9	37,556	0.1
	Castalia Shintomicho	94.2	33,492	0.1	97.6	33,346	0.1
	Castalia Shintomicho II	88.3	28,948	0.1	94.5	28,917	0.1
	Castalia Harajuku	100.0	28,287	0.1	95.1	28,258	0.1
	Castalia Yoyogi Uehara	96.0	21,799	0.1	100.0	22,710	0.1
	Castalia Sendagaya	91.7	19,381	0.1	100.0	20,219	0.1
	Castalia Shinjuku 7 chome	97.3	18,768	0.1	100.0	18,919	0.1
	Castalia Ningyocho	100.0	39,926	0.1	96.8	39,290	0.1
	Castalia Ningyocho II	97.4	41,557	0.2	97.7	40,616	0.1
	Castalia Shin-Ochanomizu	97.1	32,282	0.1	100.0	33,068	0.1
	Castalia Higashi Nihonbashi II	89.8	49,392	0.2	98.8	47,280	0.2
	Castalia Jinbocho	90.2	41,202	0.2	98.2	44,807	0.2
	Castalia Shintomicho III	86.9	23,502	0.1	100.0	22,801	0.1
	Castalia Shinjuku Gyoen	100.0	83,787	0.3	100.0	83,804	0.3
	Castalia Takanawadai	91.3	28,199	0.1	100.0	30,029	0.1
	Castalia Higashi Nihonbashi III	100.0	24,352	0.1	100.0	24,336	0.1
	Castalia Shinjuku Gyoen II	88.9	15,825	0.1	100.0	15,932	0.1
	Castalia Shintomicho IV	95.0	16,037	0.1	95.0	15,505	0.1
	Castalia Takanawadai II	95.1	39,929	0.1	98.0	39,612	0.1
	Castalia Minami Azabu	88.3	20,562	0.1	100.0	20,320	0.1
	Castalia Ginza III	94.4	84,081	0.3	93.3	83,331	0.3
	Castalia Kayabacho	95.5	101,537	0.4	96.6	101,287	0.4
	Castalia Takanawa	92.6	250,662	0.9	100.0	257,270	0.9
	Castalia Higashi Nihonbashi	99.4	148,488	0.5	97.1	146,139	0.5
	Castalia Shinjuku	100.0	92,554	0.3	100.0	92,554	0.3

Asset class	Property name	31st period (From March 1, 2021 to August 31, 2021)			32nd period (From September 1, 2021 to February 28, 2022)		
		Occupancy rate (as of the end of period) (%) (Note 1)	Rental revenues (during the period) (Yen in thousands)	Rate to total real estate rental revenues (%) (Note 2)	Occupancy rate (as of the end of period) (%) (Note 1)	Rental revenues (during the period) (Yen in thousands)	Rate to total real estate rental revenues (%) (Note 2)
Residential properties	Castalia Ichigaya	93.5	41,196	0.2	96.5	41,131	0.1
	Shibaura Island Bloom Tower	96.7	403,996	1.5	96.9	400,116	1.4
	Castalia Hatsudai	97.2	70,116	0.3	98.7	70,672	0.2
	Castalia Hatsudai II	89.5	59,107	0.2	98.0	59,705	0.2
	Castalia Ebisu	88.1	42,882	0.2	95.7	42,907	0.1
	Castalia Meguro Kamurozaka	96.4	130,238	0.5	97.9	130,884	0.5
	Castalia Toritsudaigaku	96.9	18,416	0.1	96.9	19,896	0.1
	Castalia Yukigaya	97.1	35,313	0.1	95.5	34,277	0.1
	Castalia Yutenji	100.0	37,930	0.1	92.3	37,599	0.1
	Castalia Otsuka	96.2	44,582	0.2	100.0	46,100	0.2
	Castalia Kikukawa	98.0	28,402	0.1	91.7	26,370	0.1
	Castalia Meguro	85.7	32,614	0.1	96.7	34,213	0.1
	Castalia Otsuka II	94.9	36,755	0.1	97.9	36,897	0.1
	Castalia Jiyugaoka	95.6	39,224	0.1	90.6	39,832	0.1
	Castalia Mejiro	100.0	35,384	0.1	100.0	34,303	0.1
	Castalia Ikebukuro	98.8	88,114	0.3	97.3	85,820	0.3
	Castalia Kaname-cho	100.0	40,403	0.1	91.8	39,451	0.1
	Castalia Tower Shinagawa Seaside	98.3	286,069	1.0	98.7	285,838	1.0
	Castalia Yakumo	79.7	26,033	0.1	100.0	26,246	0.1
	Castalia Togoshiekimae	100.0	54,167	0.2	100.0	54,098	0.2
	Castalia Honjo Azumabashi	98.4	39,886	0.1	97.5	39,601	0.1
	Castalia Kitazawa	100.0	27,119	0.1	100.0	26,496	0.1
	Castalia Monzennakacho	100.0	17,619	0.1	100.0	21,311	0.1
	Castalia Kamiikedai	85.6	7,003	0.0	89.2	7,488	0.0
	Castalia Morishita	100.0	33,682	0.1	100.0	32,739	0.1
	Castalia Wakabayashikoen	96.5	28,180	0.1	95.4	28,087	0.1
	Castalia Asakusabashi	100.0	33,699	0.1	96.7	33,258	0.1
	Castalia Iriya	94.9	23,947	0.1	94.9	22,858	0.1
	Castalia Kita Ueno	96.6	91,242	0.3	97.1	92,971	0.3
	Castalia Morishita II	97.6	29,290	0.1	92.6	27,810	0.1
	Castalia Minowa	94.8	49,052	0.2	100.0	50,291	0.2
	Castalia Oyamadai	94.1	18,373	0.1	97.1	18,196	0.1
	Castalia Nakano	100.0	37,243	0.1	100.0	37,482	0.1
	Castalia Yoga	98.4	34,795	0.1	98.3	32,352	0.1
	Castalia Sumiyoshi	100.0	35,537	0.1	100.0	33,389	0.1
	Castalia Monzennakacho II	100.0	69,844	0.3	100.0	69,308	0.2
	Castalia Oshiage	97.7	42,262	0.2	100.0	38,043	0.1
	Castalia Kuramae	100.0	43,807	0.2	100.0	43,831	0.2
	Castalia Nakanobu	95.3	67,787	0.2	100.0	66,949	0.2
	Royal Parks Toyosu	100.0	346,458	1.3	100.0	345,907	1.2
	Castalia Togoshi	98.3	73,828	0.3	95.0	73,704	0.3
	Castalia Ooimachi	96.9	39,637	0.1	95.4	40,176	0.1
	Castalia Omori	90.8	51,869	0.2	98.5	49,695	0.2
	Castalia Mishuku	97.0	67,401	0.2	100.0	70,979	0.2
	Castalia Arakawa	98.9	68,247	0.2	98.9	68,860	0.2
	Castalia Omori II	92.7	78,804	0.3	99.3	77,917	0.3
	Castalia Nakameguro	94.0	116,008	0.4	94.9	113,546	0.4
	Castalia Meguro Chojyamaru	93.1	63,712	0.2	87.2	59,584	0.2
	Castalia Meguro Takaban	96.8	53,162	0.2	96.4	53,330	0.2
	Castalia Omori III	93.3	46,889	0.2	96.8	46,365	0.2
	Castalia Meguro Tairamachi	96.7	33,324	0.1	100.0	34,366	0.1
	Royal Parks SEASIR	100.0	247,631	0.9	100.0	249,647	0.9
	Castalia Honkomagome	94.5	49,994	0.2	97.4	48,757	0.2
	Cosmo Heim Musashikosugi	100.0	60,208	0.2	100.0	60,164	0.2
	Castalia Tsurumi	100.0	29,720	0.1	96.9	29,538	0.1
	Castalia Funabashi	91.0	31,011	0.1	98.9	30,063	0.1

Asset class	Property name	31st period (From March 1, 2021 to August 31, 2021)			32nd period (From September 1, 2021 to February 28, 2022)		
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		(%) (Note 1)			(%) (Note 1)		
Residential properties	Castalia Nishi Funabashi	95.1	36,145	0.1	97.5	33,732	0.1
	Castalia Nozeyama	96.7	14,286	0.1	100.0	14,669	0.1
	Castalia Ichikawa	100.0	19,921	0.1	100.0	19,680	0.1
	Royal Parks Hanakoganei	100.0	246,635	0.9	100.0	246,476	0.9
	Castalia Musashikosugi	93.7	54,869	0.2	98.5	57,549	0.2
	Royal Parks Wakabadai	100.0	262,050	1.0	100.0	262,881	0.9
	Pacific Royal Court Minatomirai Urban Tower	100.0	529,925	1.9	100.0	530,714	1.8
	L-Place Shinkoyasu	100.0	56,754	0.2	100.0	56,772	0.2
	Royal Parks Musashikosugi	100.0	69,925	0.3	100.0	69,591	0.2
	Castalia Sakaisuji Honmachi	96.0	61,996	0.2	97.0	61,428	0.2
	Castalia Shin-Umeda	97.9	56,391	0.2	96.8	55,941	0.2
	Castalia Abeno	100.0	208,735	0.8	100.0	181,878	0.6
	Castalia Sakae	97.7	46,234	0.2	96.1	44,345	0.2
	Castalia Higashi Hie	92.7	44,283	0.2	97.6	44,740	0.2
	Castalia Tower Nagahoribashi	97.3	162,362	0.6	100.0	165,566	0.6
	Castalia Sannomiya	94.4	54,266	0.2	100.0	53,729	0.2
	Castalia Kotodaikoen	97.6	23,908	0.1	95.2	23,856	0.1
	Castalia Ichibancho	98.4	38,940	0.1	96.9	39,343	0.1
	Castalia Omachi	93.1	32,291	0.1	98.6	31,856	0.1
	Castalia Uemachidai	98.6	88,695	0.3	98.6	89,552	0.3
	Castalia Tower Higobashi	93.3	126,725	0.5	97.7	126,750	0.4
	Big Tower Minami Sanjo (Note 4)	–	396	–	–	–	–
	Castalia Fushimi	88.9	103,799	0.4	95.6	103,665	0.4
	Castalia Meieki Minami	91.3	30,723	0.1	95.8	29,316	0.1
	Castalia Yakuin	95.8	43,138	0.2	98.3	42,577	0.1
	Castalia Mibu	100.0	51,943	0.2	100.0	49,154	0.2
	Castalia Tsutsujigaoka	95.7	60,877	0.2	100.0	57,887	0.2
	Castalia Ohori Bay Tower (Note 5)	36.7	145,637	0.5	–	23,930	0.1
	Royal Parks Namba	100.0	140,128	0.5	100.0	139,838	0.5
	Castalia Shigahondori	95.8	73,686	0.3	98.1	74,288	0.3
	Castalia Kyoto Nishioji	95.0	34,932	0.1	100.0	32,057	0.1
	Castalia Ningyocho III	98.3	71,701	0.3	99.0	70,049	0.2
	Royal Parks Umejima	100.0	103,017	0.4	100.0	102,985	0.4
	Castalia Shinsakae II	100.0	59,662	0.2	100.0	60,039	0.2
	Castalia Sumiyoshi II	–	–	–	97.2	1,497	0.0
	Residential properties – Subtotal	95.6	9,388,142	34.3	98.4	9,179,754	31.7
Retail properties	ACROSSMALL Shinkamagaya	100.0	280,500	1.0	100.0	280,500	1.0
	FOLEO Hirakata	94.0	250,695	0.9	94.0	249,325	0.9
	QiZ GATE URAWA	100.0	217,954	0.8	100.0	204,031	0.7
	UNICUS Takasaki	100.0	129,870	0.5	100.0	129,870	0.4
	ACROSSPLAZA Miyoshi (Land)	100.0	94,284	0.3	100.0	94,289	0.3
	DREAM TOWN ALI	100.0	347,400	1.3	99.1	342,513	1.2
	ASOBOX (Land)	100.0	47,076	0.2	100.0	47,082	0.2
	FOLEO Ome Imai	100.0	122,051	0.4	100.0	128,820	0.4
	FOLEO Otsu Ichiriyama	100.0	322,620	1.2	100.0	322,620	1.1
	FOLEO Hakata	100.0	126,272	0.5	100.0	126,216	0.4
	ACROSSMALL Semboku (Land)	100.0	90,615	0.3	100.0	90,612	0.3
	iiias Tsukuba	100.0	1,075,000	3.9	100.0	1,075,000	3.7
	LIFE Sagamihara Wakamatsu	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	FOLEO Sendai Miyanomori	100.0	238,921	0.9	100.0	239,452	0.8
	ACROSSPLAZA Inazawa (Land)	100.0	69,840	0.3	100.0	69,840	0.2
	Sports Depo and GOLF5 Kokurahigashi IC Store	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)

Asset class	Property name	31st period (From March 1, 2021 to August 31, 2021)			32nd period (From September 1, 2021 to February 28, 2022)		
		Occupancy rate (as of the end of period)	Rental revenues (during the period) (Yen in thousands)	Rate to total real estate rental revenues (%) (Note 2)	Occupancy rate (as of the end of period)	Rental revenues (during the period) (Yen in thousands)	Rate to total real estate rental revenues (%) (Note 2)
		(%) (Note 1)			(%) (Note 1)		
Retail properties	Hiratsuka Retail Property (Land)	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	Royal Home Center Morinomiya (Land)	100.0	104,340	0.4	100.0	104,340	0.4
	Aoyama Tailor Bunkyo Sengoku Ekimae Store	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	FOLEO Shobu	100.0	157,327	0.6	100.0	157,290	0.5
	Hapias Kaita (Land)	100.0	38,400	0.1	100.0	38,424	0.1
	COMBOX310	100.0	38,400	0.1	100.0	148,800	0.5
	Sports Plaza Ibaraki	100.0	82,812	0.3	100.0	82,812	0.3
	Retail properties – Subtotal	99.8	4,232,660	15.5	99.8	4,219,833	14.6
Hotel properties	Daiwa Roynet Hotel Yokohama Kannai	100.0	146,049	0.5	100.0	151,790	0.5
	Super Hotel JR Nara Station Sanjo Street	100.0	41,745	0.2	100.0	47,550	0.2
	Daiwa Roynet Hotel Nagoya Shinkansenguchi	100.0	110,000	0.4	100.0	30,000	0.1
	AGORA Kanazawa	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	Candeo Hotels Nagasaki Shinchi Chinatown	100.0	104,409	0.4	100.0	104,227	0.4
	Hotel properties – Subtotal	100.0	481,831	1.8	100.0	438,940	1.5
Other assets	Urban Living Inage	100.0	39,060	0.1	100.0	39,060	0.1
	Aburatsubo Marina HILLS	100.0	43,749	0.2	100.0	43,749	0.2
	Naha Shin-Toshin Center Building (Daiwa Roynet Hotel Naha-Omoromachi)	100.0	321,769	1.2	100.0	324,211	1.1
	Sharp Hiroshima Building	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	Nursery Room Berry Bear Omori Nishi Welcia Ota Omori Nishi Store	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	GRANODE Hiroshima	99.5	495,840	1.8	99.5	984,831	3.4
	Other – Subtotal	99.8	994,020	3.6	99.7	1,485,455	5.1
	Total	99.3	27,362,994	100.0	99.7	28,928,305	100.0

(Notes) 1. "Occupancy rate (as of the end of period)" is the leased area expressed as a percentage of the leasable area of each real estate or each real estate in trust as of August 31, 2021 and February 28, 2022, rounded to the first decimal place.
2. "Rate to total real estate rental revenues" is the rental revenues from each real estate or each real estate in trust expressed as a percentage of total rental revenues from the entire portfolio, rounded to the first decimal place.
3. Undisclosed as consent for disclosure has not been obtained from the lessee.
4. The disposition of property was completed on March 1, 2021.
5. The disposition of property was completed on September 30, 2021.

(4) Description of Renewable Energy Power Generation Facilities, etc.

Not applicable.

(5) Description of Operating Rights of Public Facilities, etc.

Not applicable.

(6) Summary of Outstanding Contracted Amount and Fair Value of Specified Transactions

The following summarizes contracted amount and fair value of specified transactions of DHR as of February 28, 2022.

Category	Type	Contracted amount (Yen in thousands) (Note 1)		Fair value (Yen in thousands) (Note 2) (Note 3)
			Portion due after one year	
Transaction other than market transaction	Interest rate swap transaction			
	Receipt: floating interest rate Payment: fixed interest rate	102,400,000	71,400,000	(366,697)
Total		102,400,000	71,400,000	(366,697)

(Notes) 1. "Contracted amount" is based on the notional principal amount.
2. "Fair value" is quoted by counterparties based on the prevailing market interest rate.
3. With respect to fair value amounts, the transactions for which the special treatment for interest rate swap contracts under the accounting standard for financial instruments is applied are not carried at fair value in the balance sheets.

(7) Status of Other Assets

Real estate and trust beneficiary interests in real estate are all listed in “(3) Description of Portfolio” presented earlier in this report. The following are other specified assets as of February 28, 2022.

(Yen in thousands)

Type	Issue name	Total face value	Book value	Accrued interest	Prepaid accrued interest	Fair value	Valuation gain or loss	Remark
Government bonds	30-year principal-stripped government bonds (Series 27)	10,000	9,463	–	–	9,173	(290)	Deposited as business security deposit
	Total	10,000	9,463	–	–	9,173	(290)	

(8) Holding of Assets by Country and Region

Not applicable.

4. Capital Expenditures for Properties Held

(1) Schedule of Capital Expenditures

The following table shows major scheduled capital expenditures for planned renovation work, etc. for owned properties (real estate, real estate in trust, etc.) as of February 28, 2022. The estimated construction cost includes the portion charged to expenses.

Property name (Location)	Purpose	Scheduled period	Estimated construction cost (Yen in thousands)		
			Total amount	Payment during the period	Total amount paid
Castalia Hacchobori (Chuo Ward, Tokyo)	Large-scale renovations	From March 2022 to August 2022	76,340	–	–
Castalia Takanawadai (Minato Ward, Tokyo)	Large-scale renovations	From November 2021 to March 2022	31,350	–	–
Castalia Minami Azabu (Minato Ward, Tokyo)	Large-scale renovations	From March 2022 to August 2022	31,350	–	–
Castalia Kayabacho (Chuo Ward, Tokyo)	Large-scale renovations	From March 2022 to August 2022	87,670	–	–
Castalia Tsurumi (Yokohama City, Kanagawa)	Large-scale renovations	From April 2022 to August 2022	41,745	–	–
Castalia Nishi Funabashi (Funabashi City, Chiba)	Intercom renewal	From September 2022 to March 2023	10,021	–	–
Castalia Sakaisuji Honmachi (Osaka City, Osaka)	Large-scale renovations	From March 2022 to August 2022	84,040	–	–
	Renewal of residence information infrastructure	From January 2023 to February 2023	24,420	–	–
Castalia Kyoto Nishioji (Kyoto City, Kyoto)	Intercom renewal	From January 2023 to February 2023	12,320	–	–
iiias Tsukuba (Tsukuba City, Ibaraki)	Waterproofing renovation of exterior walls (second phase)	From September 2021 to March 2022	254,100	–	–

(2) Capital Expenditures during the Period

For owned properties (real estate, real estate in trust, etc.), an overview of major construction work conducted during the current fiscal period that falls into DHR's capital expenditures is as follows. Capital expenditures during the current fiscal period were ¥2,492,336 thousand together with ¥1,575,809 thousand in repairs and maintenance expenses and ¥290,664 thousand in restoration costs classified as expenses for the current fiscal period, making a total of ¥4,358,810 thousand in construction work.

Property name (Location)	Purpose	Period	Construction cost (Yen in thousands)
D Project Noda (Noda City, Chiba)	Large-scale renovations	From March 2021 to October 2021	219,517
D Project Morioka (Takizawa City, Iwate)	Large-scale renovations	From September 2021 to December 2021	57,758
D Project Yashio (Yashio City, Saitama)	Large-scale renovations	From April 2021 to October 2021	197,135
Castalia Sendagaya (Shibuya Ward, Tokyo)	Large-scale renovations	From March 2021 to September 2021	12,891
Castalia Higashi Nihonbashi III (Chuo Ward, Tokyo)	Large-scale renovations	From October 2021 to February 2022	23,930
Castalia Yutenji (Meguro Ward, Tokyo)	Complete replacement of facilities and equipment	From October 2021 to November 2021	22,172
Castalia Mejiro (Toshima Ward, Tokyo)	Large-scale renovations	From October 2021 to February 2022	27,638
Castalia Wakabayashikoen (Setagaya Ward, Tokyo)	Large-scale renovations	From October 2021 to February 2022	30,383
Castalia Omori II (Ota Ward, Tokyo)	Large-scale renovations	From April 2021 to October 2021	73,691
Castalia Tower Higobashi (Osaka City, Osaka)	Renewal of residence information infrastructure	From January 2022 to February 2022	29,072
Royal Parks Namba (Osaka City, Osaka)	Large-scale renovations	From August 2021 to February 2022	81,016
FOLEO Hakata (Fukuoka City, Fukuoka)	Replacement of LED lights	From January 2022 to February 2022	40,573
Daiwa Roynet Hotel Nagoya Shinkansenguchi (Nagoya City, Aichi)	Repair work on facilities	From August 2021 to February 2022	943,524
Aburatsubo Marina HILLS (Miura City, Kanagawa)	Repair work on interior areas	From September 2021 to December 2021	35,350

(3) Cash Reserves for Long-Term Repair and Maintenance Plans

DHR sets aside the following cash reserves for repair and maintenance in order to provide for payment of funds for future maintenance of the value of assets and the renewal of facilities and equipment.

(Yen in thousands)					
Operating period	28th period From September 1, 2019 to February 29, 2020	29th period From March 1, 2020 to August 31, 2020	30th period From September 1, 2020 to February 28, 2021	31st period From March 1, 2021 to August 31, 2021	32nd period From September 1, 2021 to February 28, 2022
Balance of reserves at the beginning of period	1,587,775	1,464,355	1,478,435	1,492,515	1,506,595
Amount of reserves during period	39,080	14,080	14,080	14,080	14,080
Amount of reversal of reserves during period	162,500	—	—	—	—
Reserves carried forward	1,464,355	1,478,435	1,492,515	1,506,595	1,520,675

▶ 5. Expenses and Liabilities**(1) Expenses Incurred in Connection with Management of Assets**

Item	31st period	32nd period
	From March 1, 2021 to August 31, 2021	From September 1, 2021 to February 28, 2022
Asset management fees (Note)	1,775,306	1,864,782
Asset custody fees	39,730	37,932
Administrative service fees	99,332	95,300
Directors' remuneration	6,600	6,600
Other expenses	470,572	436,865
Total	2,391,542	2,441,480

(Note) As for the asset management fees, in addition to the amount shown above, there were a management fee for property acquisition included in the cost of acquisition of individual investment properties, etc. of ¥14,825 thousand and a management fee for disposition of properties of ¥17,577 thousand for the 31st period, and a management fee for property acquisition included in the cost of acquisition of individual investment properties, etc. of ¥187,975 thousand and a management fee for disposition of properties of ¥18,700 thousand for the 32nd period.

(2) Debt Financing

The status of loans per financial institution as of February 28, 2022 is as follows:

	Classification	Borrowing date	Balance at the beginning of period (Yen in thousands)	Balance at the end of period (Yen in thousands)	Average interest rate (Note 1)	Repayment date	Method of repayment	Use	Note
	Lender								
Short-term loans	Sumitomo Mitsui Trust Bank, Limited	September 3, 2021	—	—	0.26%	September 2, 2022	Bullet repayment (Note 4)	(Note 5)	Unsecured and non-guaranteed
	Sumitomo Mitsui Banking Corporation	September 3, 2021	—	—	0.26%	September 2, 2022	Bullet repayment (Note 4)	(Note 5)	Unsecured and non-guaranteed
	MUFG Bank, Ltd.	September 3, 2021	—	—	0.26%	September 2, 2022	Bullet repayment (Note 4)	(Note 5)	Unsecured and non-guaranteed
	Mizuho Bank, Ltd.	September 3, 2021	—	—	0.26%	September 2, 2022	Bullet repayment (Note 4)	(Note 5)	Unsecured and non-guaranteed
	Subtotal	—	—	—	—	—	—	—	—
Current portion of long-term loans	Sumitomo Mitsui Banking Corporation		936,000	—					
	Sumitomo Mitsui Trust Bank, Limited		1,599,000	—					
	The Norinchukin Bank		1,510,000	—					
	Aozora Bank, Ltd.	January 30, 2015	1,169,000	—	0.61% (Note 2)	January 31, 2022	Bullet repayment	(Note 7)	Unsecured and non-guaranteed
	Mizuho Bank, Ltd.		603,000	—					
	Mizuho Trust & Banking Co., Ltd.		454,000	—					
	MUFG Bank, Ltd.		437,000	—					
	The Chiba Bank, Ltd.		150,000	—					
	Sumitomo Mitsui Banking Corporation		1,000,000	—					
	Sumitomo Mitsui Trust Bank, Limited	November 30, 2015	1,000,000	—	0.51% (Note 2)	November 30, 2021	Bullet repayment	(Note 6)	Unsecured and non-guaranteed
	MUFG Bank, Ltd.		3,000,000	—					
	Mizuho Bank, Ltd.		1,000,000	—					
	Resona Bank, Limited		1,000,000	—					

Classification	Borrowing date	Balance at the beginning of period (Yen in thousands)	Balance at the end of period (Yen in thousands)	Average interest rate (Note 1)	Repayment date	Method of repayment	Use	Note
Lender								
Sumitomo Mitsui Banking Corporation	April 1, 2014	1,000,000	1,000,000	1.21% (Note 2)	April 1, 2022	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
MUFG Bank, Ltd.		1,000,000	1,000,000					
Mizuho Bank, Ltd.		1,000,000	1,000,000					
Sumitomo Mitsui Trust Bank, Limited		500,000	500,000					
Sumitomo Mitsui Trust Bank, Limited	May 1, 2015	2,030,000	2,030,000	0.66% (Note 2)	April 28, 2022	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
Sumitomo Mitsui Banking Corporation		1,354,500	1,354,500					
The Norinchukin Bank		1,600,000	1,600,000					
Aozora Bank, Ltd.		1,192,000	1,192,000					
Mizuho Bank, Ltd.		1,017,000	1,017,000					
MUFG Bank, Ltd.		907,500	907,500					
Mizuho Trust & Banking Co., Ltd.		524,000	524,000					
Nippon Life Insurance Company		500,000	500,000					
Development Bank of Japan Inc.		400,000	400,000					
The Shizuoka Bank, Ltd.		260,000	260,000					
The Chiba Bank, Ltd.		215,000	215,000					
Sumitomo Mitsui Trust Bank, Limited	April 10, 2018	1,000,000	1,000,000	0.42% (Note 3)	April 28, 2022	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
Sumitomo Mitsui Banking Corporation		1,000,000	1,000,000					
Mizuho Bank, Ltd.		500,000	500,000					
The Bank of Fukuoka, Ltd.		500,000	500,000					
The Chiba Bank, Ltd.		500,000	500,000					
The 77 Bank, Ltd.		500,000	500,000					
The Nishi-Nippon City Bank, Ltd.		500,000	500,000					
The Shizuoka Bank, Ltd.		500,000	500,000					
The Iyo Bank, Ltd.		500,000	500,000					
The Bank of Kyoto, Ltd.		500,000	500,000					
The Chugoku Bank, Limited	March 27, 2019	500,000	500,000	0.26%	August 31, 2022	Bullet repayment	(Note 6)	Unsecured and non-guaranteed
Sumitomo Mitsui Trust Bank, Limited		500,000	500,000					
Sumitomo Mitsui Banking Corporation		500,000	500,000					
MUFG Bank, Ltd.	April 1, 2015	500,000	500,000	0.87% (Note 2)	October 3, 2022	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
Mizuho Bank, Ltd.		500,000	500,000					
Sumitomo Mitsui Banking Corporation		500,000	500,000					
Sumitomo Mitsui Banking Corporation	September 28, 2015	–	1,000,000	0.65% (Note 2)	September 28, 2022	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
Mizuho Bank, Ltd.		–	1,000,000					
The Norinchukin Bank		–	1,000,000					
Sumitomo Mitsui Trust Bank, Limited		–	1,000,000					
MUFG Bank, Ltd.		–	1,000,000					
Sumitomo Mitsui Banking Corporation		–	1,000,000					
Mizuho Bank, Ltd.		–	1,000,000					

Current portion of long-term loans

Classification	Borrowing date	Balance at the beginning of period (Yen in thousands)	Balance at the end of period (Yen in thousands)	Average interest rate (Note 1)	Repayment date	Method of repayment	Use	Note
Lender								
Sumitomo Mitsui Banking Corporation	December 28, 2015	–	1,800,000	0.59% (Note 2)	December 28, 2022	Bullet repayment	(Note 6)	Unsecured and non-guaranteed
MUFG Bank, Ltd.		–	3,200,000					
Sumitomo Mitsui Trust Bank, Limited		–	1,800,000					
Mizuho Bank, Ltd.	April 10, 2018	–	1,800,000	0.43% (Note 3)	September 9, 2022	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
Resona Bank, Limited		–	1,400,000					
Shinsei Bank, Limited		–	500,000					
Nippon Life Insurance Company	April 10, 2019	–	1,000,000	0.31%	October 31, 2022	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
Sumitomo Mitsui Banking Corporation		–	500,000					
Sumitomo Mitsui Trust Bank, Limited		–	500,000					
MUFG Bank, Ltd.	–	–	500,000	–	–	–	–	–
Mizuho Bank, Ltd.		–	500,000					
Subtotal		–	35,858,000					
Sumitomo Mitsui Trust Bank, Limited	March 27, 2013	2,000,000	2,000,000	1.50% (Note 2)	March 27, 2023	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
Sumitomo Mitsui Banking Corporation	April 1, 2014	1,000,000	1,000,000	1.52% (Note 2)	April 1, 2024	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
MUFG Bank, Ltd.		1,000,000	1,000,000					
Sumitomo Mitsui Trust Bank, Limited		500,000	500,000					
Development Bank of Japan Inc.	April 1, 2014	500,000	500,000	2.03% (Note 2)	April 1, 2026	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
Sumitomo Mitsui Banking Corporation		500,000	500,000					
MUFG Bank, Ltd.		500,000	500,000					
Sumitomo Mitsui Trust Bank, Limited	September 30, 2014	500,000	500,000	1.00% (Note 3)	September 29, 2023	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
Development Bank of Japan Inc.		500,000	500,000					
Nippon Life Insurance Company		500,000	500,000					
Development Bank of Japan Inc.	January 30, 2015	2,000,000	2,000,000	0.88% (Note 3)	January 31, 2024	Bullet repayment	(Note 7)	Unsecured and non-guaranteed
Sumitomo Mitsui Banking Corporation	April 1, 2015	1,000,000	–	0.87% (Note 2)	October 3, 2022	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
Mizuho Bank, Ltd.		1,000,000	–					
The Norinchukin Bank		1,000,000	–					
Sumitomo Mitsui Banking Corporation	April 1, 2015	1,000,000	1,000,000	0.99% (Note 2)	October 2, 2023	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
Sumitomo Mitsui Trust Bank, Limited		1,000,000	1,000,000					
Mizuho Bank, Ltd.		1,000,000	1,000,000					
Resona Bank, Limited	April 1, 2015	1,000,000	1,000,000	1.23% (Note 2)	October 1, 2025	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
Sumitomo Mitsui Banking Corporation		1,000,000	1,000,000					
Sumitomo Mitsui Trust Bank, Limited		1,000,000	1,000,000					
MUFG Bank, Ltd.		1,000,000	1,000,000					
Mizuho Bank, Ltd.		1,000,000	1,000,000					
Sumitomo Mitsui Banking Corporation		1,000,000	1,000,000					

Long-term loans

Classification	Borrowing date	Balance at the beginning of period (Yen in thousands)	Balance at the end of period (Yen in thousands)	Average interest rate (Note 1)	Repayment date	Method of repayment	Use	Note
Lender								
MUFG Bank, Ltd.	April 1, 2015	3,000,000	3,000,000	1.18% (Note 3)	October 1, 2025	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
Development Bank of Japan Inc.	April 1, 2015	1,500,000	1,500,000	1.46% (Note 3)	April 1, 2027	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
Sumitomo Mitsui Trust Bank, Limited		1,000,000	—					
MUFG Bank, Ltd.	September 28, 2015	1,000,000	—	0.65% (Note 2)	September 28, 2022	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
Sumitomo Mitsui Banking Corporation		1,000,000	—					
Mizuho Bank, Ltd.		1,000,000	—					
Nippon Life Insurance Company	September 28, 2015	1,000,000	1,000,000	0.73% (Note 3)	September 30, 2024	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
Sumitomo Mitsui Banking Corporation		1,000,000	1,000,000					
MUFG Bank, Ltd.	November 30, 2015	1,000,000	1,000,000	0.71% (Note 2)	May 31, 2023	Bullet repayment	(Note 6)	Unsecured and non-guaranteed
Sumitomo Mitsui Trust Bank, Limited		1,000,000	1,000,000					
Mizuho Bank, Ltd.		1,000,000	1,000,000					
Sumitomo Mitsui Banking Corporation		1,000,000	1,000,000					
MUFG Bank, Ltd.	November 30, 2015	1,000,000	1,000,000	0.97% (Note 2)	May 30, 2025	Bullet repayment	(Note 6)	Unsecured and non-guaranteed
Sumitomo Mitsui Trust Bank, Limited		1,000,000	1,000,000					
Mizuho Bank, Ltd.		1,000,000	1,000,000					
Sumitomo Mitsui Banking Corporation		1,000,000	1,000,000					
MUFG Bank, Ltd.	November 30, 2015	1,000,000	1,000,000	1.09% (Note 2)	May 29, 2026	Bullet repayment	(Note 6)	Unsecured and non-guaranteed
Sumitomo Mitsui Trust Bank, Limited		1,000,000	1,000,000					
Mizuho Bank, Ltd.		1,000,000	1,000,000					
Sumitomo Mitsui Banking Corporation		1,800,000	—					
MUFG Bank, Ltd.		3,200,000	—					
Sumitomo Mitsui Trust Bank, Limited	December 28, 2015	1,800,000	—	0.59% (Note 2)	December 28, 2022	Bullet repayment	(Note 6)	Unsecured and non-guaranteed
Mizuho Bank, Ltd.		1,800,000	—					
Resona Bank, Limited		1,400,000	—					
Shinsei Bank, Limited		500,000	—					
Sumitomo Mitsui Banking Corporation		1,500,000	1,500,000					
Sumitomo Mitsui Trust Bank, Limited		1,500,000	1,500,000					
MUFG Bank, Ltd.		2,000,000	2,000,000					
Mizuho Bank, Ltd.	September 28, 2016	1,500,000	1,500,000	0.63% (Note 3)	September 29, 2025	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
Resona Bank, Limited		500,000	500,000					
Mizuho Trust & Banking Co., Ltd.		500,000	500,000					
Shinsei Bank, Limited		500,000	500,000					
Shinkin Central Bank		500,000	500,000					
The Bank of Fukuoka, Ltd.		500,000	500,000					
Development Bank of Japan Inc.	September 28, 2016	1,000,000	1,000,000	0.69% (Note 3)	September 28, 2026	Bullet repayment	(Note 5)	Unsecured and non-guaranteed

Long-term loans

Classification	Borrowing date	Balance at the beginning of period (Yen in thousands)	Balance at the end of period (Yen in thousands)	Average interest rate (Note 1)	Repayment date	Method of repayment	Use	Note
Lender								
Sumitomo Mitsui Banking Corporation		1,700,000	1,700,000					
MUFG Bank, Ltd.		2,700,000	2,700,000					
Sumitomo Mitsui Trust Bank, Limited	September 30, 2016	1,700,000	1,700,000	0.41% (Note 3)	March 31, 2023	Bullet repayment	(Note 6)	Unsecured and non-guaranteed
Mizuho Bank, Ltd.		1,700,000	1,700,000					
Aozora Bank, Ltd.		1,500,000	1,500,000					
Resona Bank, Limited		800,000	800,000					
Shinsei Bank, Limited		300,000	300,000					
MUFG Bank, Ltd.		2,800,000	2,800,000					
Sumitomo Mitsui Trust Bank, Limited		1,800,000	1,800,000					
Sumitomo Mitsui Banking Corporation	September 30, 2016	1,800,000	1,800,000	0.48% (Note 3)	March 29, 2024	Bullet repayment	(Note 6)	Unsecured and non-guaranteed
Mizuho Bank, Ltd.		1,800,000	1,800,000					
Aozora Bank, Ltd.		1,500,000	1,500,000					
Resona Bank, Limited		900,000	900,000					
Shinsei Bank, Limited		400,000	400,000					
Sumitomo Mitsui Banking Corporation		3,000,000	3,000,000					
Mizuho Bank, Ltd.		3,000,000	3,000,000					
MUFG Bank, Ltd.	November 29, 2016	5,000,000	5,000,000	0.87% (Note 3)	November 30, 2026	Bullet repayment	(Note 6)	Unsecured and non-guaranteed
Sumitomo Mitsui Trust Bank, Limited		3,000,000	3,000,000					
Resona Bank, Limited		1,000,000	1,000,000					
Development Bank of Japan Inc.	March 9, 2017	2,000,000	2,000,000	0.85% (Note 3)	March 31, 2027	Bullet repayment	(Note 8)	Unsecured and non-guaranteed
Mitsui Sumitomo Insurance Company, Limited	March 9, 2017	1,000,000	1,000,000	0.55% (Note 3)	March 29, 2024	Bullet repayment	(Note 8)	Unsecured and non-guaranteed
Mizuho Bank, Ltd.		4,000,000	4,000,000					
Sumitomo Mitsui Trust Bank, Limited	March 31, 2017	4,000,000	4,000,000	0.57% (Note 3)	September 29, 2023	Bullet repayment	(Note 6)	Unsecured and non-guaranteed
MUFG Bank, Ltd.		1,000,000	1,000,000					
Mizuho Trust & Banking Co., Ltd.		1,000,000	1,000,000					
Sumitomo Mitsui Banking Corporation		4,000,000	4,000,000					
Aozora Bank, Ltd.	March 31, 2017	2,500,000	2,500,000	0.70% (Note 3)	March 31, 2025	Bullet repayment	(Note 6)	Unsecured and non-guaranteed
Shinkin Central Bank		2,000,000	2,000,000					
MUFG Bank, Ltd.		1,500,000	1,500,000					
Resona Bank, Limited		1,000,000	1,000,000					
Sumitomo Mitsui Banking Corporation		1,800,000	1,800,000					
MUFG Bank, Ltd.		2,200,000	2,200,000					
Mizuho Bank, Ltd.		1,200,000	1,200,000					
Resona Bank, Limited	April 11, 2017	1,100,000	1,100,000	0.76% (Note 3)	April 30, 2026	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
Mizuho Trust & Banking Co., Ltd.		1,000,000	1,000,000					
Shinsei Bank, Limited		1,000,000	1,000,000					
The Bank of Fukuoka, Ltd.		1,000,000	1,000,000					
Sumitomo Mitsui Trust Bank, Limited		700,000	700,000					

Long-term loans

	Classification	Borrowing date	Balance at the beginning of period (Yen in thousands)	Balance at the end of period (Yen in thousands)	Average interest rate (Note 1)	Repayment date	Method of repayment	Use	Note
	Lender								
Long-term loans	Sumitomo Mitsui Banking Corporation	April 11, 2017	2,100,000	2,100,000	1.02% (Note 3)	April 28, 2028	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
	MUFG Bank, Ltd.		3,700,000	3,700,000					
	Sumitomo Mitsui Trust Bank, Limited		1,800,000	1,800,000					
	Mizuho Bank, Ltd.		1,800,000	1,800,000					
	Mizuho Trust & Banking Co., Ltd.		600,000	600,000					
	Sumitomo Mitsui Trust Bank, Limited	July 31, 2017	3,400,000	3,400,000	0.89% (Note 3)	July 30, 2027	Bullet repayment	(Note 6)	Unsecured and non-guaranteed
	Sumitomo Mitsui Banking Corporation		3,400,000	3,400,000					
	Mizuho Bank, Ltd.		3,400,000	3,400,000					
	MUFG Bank, Ltd.		1,900,000	1,900,000					
	Sumitomo Mitsui Banking Corporation		2,500,000	2,500,000					
	MUFG Bank, Ltd.	November 29, 2017	2,000,000	2,000,000	0.90% (Note 3)	November 30, 2027	Bullet repayment	(Note 6)	Unsecured and non-guaranteed
	Development Bank of Japan Inc.		3,000,000	3,000,000					
	Sumitomo Mitsui Trust Bank, Limited		2,500,000	2,500,000					
	Mizuho Bank, Ltd.		2,500,000	2,500,000					
	The 77 Bank, Ltd.		1,000,000	1,000,000					
	The Nishi-Nippon City Bank, Ltd.		1,000,000	1,000,000					
	The Iyo Bank, Ltd.		500,000	500,000					
	The Bank of Kyoto, Ltd.		500,000	500,000					
	The Chugoku Bank, Limited		500,000	500,000					
	Mitsui Sumitomo Insurance Company, Limited	March 27, 2018	1,000,000	1,000,000	0.44% (Note 3)	March 31, 2023	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
	MUFG Bank, Ltd.	March 27, 2018	1,500,000	1,500,000	0.75% (Note 3)	September 30, 2027	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
	Nippon Life Insurance Company	April 10, 2018	1,000,000	—	0.43% (Note 3)	September 9, 2022	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
	Development Bank of Japan Inc.	April 10, 2018	2,000,000	2,000,000	0.65% (Note 3)	April 30, 2026	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	April 10, 2018	500,000	500,000	0.52% (Note 3)	April 30, 2024	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
	Sumitomo Mitsui Banking Corporation		1,500,000	1,500,000					
	Mizuho Bank, Ltd.		1,000,000	1,000,000					
	Aozora Bank, Ltd.		500,000	500,000					
	The Norinchukin Bank		500,000	500,000					
	Shinsei Bank, Limited		500,000	500,000					
	Shinkin Central Bank		500,000	500,000					

	Classification	Borrowing date	Balance at the beginning of period (Yen in thousands)	Balance at the end of period (Yen in thousands)	Average interest rate (Note 1)	Repayment date	Method of repayment	Use	Note
	Lender								
Long-term loans	Sumitomo Mitsui Trust Bank, Limited	April 10, 2018	500,000	500,000	0.60% (Note 3)	April 30, 2025	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
	Sumitomo Mitsui Banking Corporation		1,500,000	1,500,000					
	Mizuho Bank, Ltd.		500,000	500,000					
	Aozora Bank, Ltd.		500,000	500,000					
	The Norinchukin Bank		500,000	500,000					
	Resona Bank, Limited	April 10, 2018	500,000	500,000	0.89% (Note 3)	April 28, 2028	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
	Shinsei Bank, Limited		500,000	500,000					
	Shinkin Central Bank		500,000	500,000					
	Sumitomo Mitsui Trust Bank, Limited		3,000,000	3,000,000					
	Sumitomo Mitsui Banking Corporation		3,000,000	3,000,000					
	Mizuho Bank, Ltd.		2,500,000	2,500,000					
	Mizuho Trust & Banking Co., Ltd.		1,000,000	1,000,000					
	Resona Bank, Limited		500,000	500,000					
	The Dai-ichi Life Insurance Company, Limited	September 27, 2018	1,000,000	1,000,000	0.43% (Note 3)	September 29, 2023	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
	Taiyo Life Insurance Company	September 27, 2018	1,000,000	1,000,000	0.60% (Note 3)	September 30, 2025	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
	Sumitomo Mitsui Banking Corporation	December 7, 2018	1,100,000	1,100,000	0.88% (Note 3)	December 29, 2028	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited		1,100,000	1,100,000					
	Mizuho Bank, Ltd.		1,100,000	1,100,000					
	Japan Post Insurance Co., Ltd.		1,100,000	1,100,000					
	MUFG Bank, Ltd.		600,000	600,000					
	Sumitomo Mitsui Trust Bank, Limited	March 29, 2019	2,200,000	2,200,000	0.43% (Note 3)	September 30, 2025	Bullet repayment	(Note 6)	Unsecured and non-guaranteed
	Aozora Bank, Ltd.		1,500,000	1,500,000					
	The Norinchukin Bank		1,100,000	1,100,000					
	Sumitomo Mitsui Banking Corporation		700,000	700,000					
	The Chiba Bank, Ltd.		600,000	600,000					
	Mizuho Bank, Ltd.		500,000	500,000					
	The Bank of Fukuoka, Ltd.		500,000	500,000					
	The Shizuoka Bank, Ltd.		500,000	500,000					
	Mitsui Sumitomo Insurance Company, Limited	April 5, 2019	1,000,000	1,000,000	0.45% (Note 3)	April 30, 2026	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
	Nippon Life Insurance Company	April 5, 2019	500,000	500,000	0.50% (Note 3)	April 30, 2027	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
	Development Bank of Japan Inc.	April 5, 2019	1,500,000	1,500,000	0.59% (Note 3)	April 28, 2028	Bullet repayment	(Note 5)	Unsecured and non-guaranteed

Classification	Borrowing date	Balance at the beginning of period (Yen in thousands)	Balance at the end of period (Yen in thousands)	Average interest rate (Note 1)	Repayment date	Method of repayment	Use	Note
Lender								
Sumitomo Mitsui Banking Corporation	April 10, 2019	500,000	—	0.31%	October 31, 2022	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
Sumitomo Mitsui Trust Bank, Limited		500,000	—					
MUFG Bank, Ltd.		500,000	—					
Mizuho Bank, Ltd.		500,000	—					
Sumitomo Mitsui Banking Corporation	April 10, 2019	1,000,000	1,000,000	0.39% (Note 3)	October 31, 2024	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
The Norinchukin Bank		1,100,000	1,100,000					
Sumitomo Mitsui Trust Bank, Limited		1,000,000	1,000,000					
Shinsei Bank, Limited		1,000,000	1,000,000					
Shinkin Central Bank		1,000,000	1,000,000					
The Bank of Fukuoka, Ltd.		500,000	500,000					
The Chiba Bank, Ltd.		500,000	500,000					
The 77 Bank, Ltd.		500,000	500,000					
The Nishi-Nippon City Bank, Ltd.		500,000	500,000					
The Iyo Bank, Ltd.		500,000	500,000					
The Chugoku Bank, Limited		500,000	500,000					
Sumitomo Mitsui Banking Corporation	April 10, 2019	2,500,000	2,500,000	0.75% (Note 2)	April 27, 2029	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
Mizuho Bank, Ltd.		2,700,000	2,700,000					
Sumitomo Mitsui Trust Bank, Limited		2,500,000	2,500,000					
Resona Bank, Limited		1,000,000	1,000,000					
Mizuho Trust & Banking Co., Ltd.		1,000,000	1,000,000					
MUFG Bank, Ltd.		700,000	700,000					
Sumitomo Mitsui Banking Corporation	November 29, 2019	2,000,000	2,000,000	0.66% (Note 2)	November 30, 2029	Bullet repayment	(Note 6)	Unsecured and non-guaranteed
Sumitomo Mitsui Trust Bank, Limited		2,000,000	2,000,000					
MUFG Bank, Ltd.		2,000,000	2,000,000					
Mizuho Bank, Ltd.		2,000,000	2,000,000					
Development Bank of Japan Inc.		2,000,000	2,000,000					
Development Bank of Japan Inc.	January 31, 2020	1,500,000	1,500,000	0.59% (Note 3)	January 31, 2029	Bullet repayment	(Note 6)	Unsecured and non-guaranteed
Sumitomo Mitsui Banking Corporation	January 31, 2020	1,000,000	1,000,000	0.46% (Note 3)	July 30, 2027	Bullet repayment	(Note 6)	Unsecured and non-guaranteed
Aozora Bank, Ltd.		2,400,000	2,400,000					
Sumitomo Mitsui Trust Bank, Limited		1,000,000	1,000,000					
MUFG Bank, Ltd.		1,000,000	1,000,000					
Mizuho Bank, Ltd.		1,000,000	1,000,000					
The Norinchukin Bank		1,000,000	1,000,000					
Mizuho Trust & Banking Co., Ltd.		500,000	500,000					
The Yamaguchi Bank, Ltd.		500,000	500,000					

Long-term loans

Classification	Borrowing date	Balance at the beginning of period (Yen in thousands)	Balance at the end of period (Yen in thousands)	Average interest rate (Note 1)	Repayment date	Method of repayment	Use	Note
Lender								
Sumitomo Mitsui Banking Corporation	January 31, 2020	2,200,000	2,200,000	0.61% (Note 2)	January 31, 2030	Bullet repayment	(Note 6)	Unsecured and non-guaranteed
Sumitomo Mitsui Trust Bank, Limited		3,400,000	3,400,000					
Mizuho Trust & Banking Co., Ltd.		1,300,000	1,300,000					
MUFG Bank, Ltd.		1,200,000	1,200,000					
Mizuho Bank, Ltd.	March 31, 2020	900,000	900,000	0.29%	September 29, 2023	Bullet repayment	(Note 6)	Unsecured and non-guaranteed
Sumitomo Mitsui Trust Bank, Limited		900,000	900,000					
MUFG Bank, Ltd.		1,900,000	1,900,000					
Sumitomo Mitsui Banking Corporation		900,000	900,000					
Mizuho Bank, Ltd.		900,000	900,000					
Resona Bank, Limited		800,000	800,000					
The Norinchukin Bank		500,000	500,000					
The Chiba Bank, Ltd.		500,000	500,000					
Shinsei Bank, Limited		300,000	300,000					
Mitsui Sumitomo Insurance Company, Limited	April 1, 2020	1,000,000	1,000,000	0.40% (Note 3)	April 30, 2026	Bullet repayment	(Note 6)	Unsecured and non-guaranteed
Sumitomo Mitsui Trust Bank, Limited	April 3, 2020	500,000	500,000	0.35% (Note 3)	October 31, 2024	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
The Norinchukin Bank		1,000,000	1,000,000					
The 77 Bank, Ltd.		700,000	700,000					
The Chugoku Bank, Limited		700,000	700,000					
Nippon Life Insurance Company		600,000	600,000					
Sumitomo Mitsui Banking Corporation		500,000	500,000					
MUFG Bank, Ltd.		500,000	500,000					
Mizuho Bank, Ltd.	April 3, 2020	500,000	500,000	0.40% (Note 3)	March 31, 2026	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
The Chiba Bank, Ltd.		500,000	500,000					
The Iyo Bank, Ltd.		500,000	500,000					
The Dai-ichi Life Insurance Company, Limited	April 3, 2020	500,000	500,000	0.40% (Note 3)	March 31, 2026	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
Mitsui Sumitomo Insurance Company, Limited	April 3, 2020	500,000	500,000	0.41% (Note 3)	September 30, 2026	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
Development Bank of Japan Inc.	April 3, 2020	1,000,000	1,000,000	0.51% (Note 3)	September 29, 2028	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
Sumitomo Mitsui Trust Bank, Limited	April 3, 2020	500,000	500,000	0.51% (Note 2)	April 27, 2029	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
Resona Bank, Limited		1,000,000	1,000,000					
Sumitomo Mitsui Banking Corporation		500,000	500,000					
MUFG Bank, Ltd.		500,000	500,000					
Mizuho Bank, Ltd.		500,000	500,000					
Shinsei Bank, Limited		500,000	500,000					
Shinkin Central Bank		500,000	500,000					
The Bank of Fukuoka, Ltd.		500,000	500,000					
The Nishi-Nippon City Bank, Ltd.		500,000	500,000					

Long-term loans

Classification	Borrowing date	Balance at the beginning of period (Yen in thousands)	Balance at the end of period (Yen in thousands)	Average interest rate (Note 1)	Repayment date	Method of repayment	Use	Note
Lender								
MUFG Bank, Ltd.		2,000,000	2,000,000					
Sumitomo Mitsui Trust Bank, Limited		2,000,000	2,000,000					
Sumitomo Mitsui Banking Corporation		2,000,000	2,000,000					
Mizuho Bank, Ltd.	April 3, 2020	2,000,000	2,000,000	0.62% (Note 2)	April 30, 2030	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
Mizuho Trust & Banking Co., Ltd.		1,000,000	1,000,000					
The Bank of Kyoto, Ltd.		500,000	500,000					
The Yamanashi Chuo Bank, Ltd.		500,000	500,000					
The Dai-ichi Life Insurance Company, Limited	September 30, 2020	1,000,000	1,000,000	0.44% (Note 3)	March 31, 2026	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
Shinsei Bank, Limited	September 30, 2020	1,000,000	1,000,000	0.46% (Note 3)	September 30, 2027	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
The Norinchukin Bank	January 29, 2021	3,500,000	3,500,000	0.37% (Note 3)	January 31, 2028	Bullet repayment	(Note 6)	Unsecured and non-guaranteed
Sumitomo Mitsui Banking Corporation		500,000	500,000					
Sumitomo Mitsui Trust Bank, Limited	April 1, 2021	500,000	500,000	0.70% (Note 3)	April 1, 2031	Bullet repayment	(Note 6)	Unsecured and non-guaranteed
MUFG Bank, Ltd.		1,000,000	1,000,000					
Mizuho Bank, Ltd.		1,000,000	1,000,000					
Sumitomo Mitsui Banking Corporation		1,200,000	1,200,000					
Sumitomo Mitsui Trust Bank, Limited	April 30, 2021	600,000	600,000	0.28% (Note 3)	September 30, 2026	Bullet repayment	(Note 6)	Unsecured and non-guaranteed
Mizuho Bank, Ltd.		600,000	600,000					
MUFG Bank, Ltd.		600,000	600,000					
The Norinchukin Bank		1,500,000	1,500,000					
Nippon Life Insurance Company		1,000,000	1,000,000					
Sumitomo Mitsui Banking Corporation		–	1,000,000					
Sumitomo Mitsui Trust Bank, Limited		–	1,000,000					
MUFG Bank, Ltd.		–	1,000,000					
Mizuho Bank, Ltd.		–	1,000,000					
Development Bank of Japan Inc.		–	1,000,000					
Mizuho Trust & Banking Co., Ltd.	September 3, 2021	–	1,000,000	0.56% (Note 3)	August 29, 2031	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
Shinsei Bank, Limited		–	1,000,000					
The Yamanashi Chuo Bank, Ltd.		–	1,000,000					
Kansai Mirai Bank, Limited		–	1,000,000					
Shinkin Central Bank		–	500,000					
The Bank of Kyoto, Ltd.		–	500,000					
The Yamaguchi Bank, Ltd.		–	500,000					
The Dai-ichi Life Insurance Company, Limited	September 3, 2021	–	1,000,000	0.80% (Note 3)	August 31, 2033	Bullet repayment	(Note 5)	Unsecured and non-guaranteed

Long-term loans

Classification	Borrowing date	Balance at the beginning of period (Yen in thousands)	Balance at the end of period (Yen in thousands)	Average interest rate (Note 1)	Repayment date	Method of repayment	Use	Note
Lender								
Sumitomo Mitsui Trust Bank, Limited		–	500,000					
Sumitomo Mitsui Banking Corporation		–	500,000					
MUFG Bank, Ltd.	October 1, 2021	–	500,000	0.28% (Note 3)	March 31, 2026	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
Mizuho Bank, Ltd.		–	500,000					
The Chiba Bank, Ltd.		–	500,000					
The 77 Bank, Ltd.		–	500,000					
MUFG Bank, Ltd.		–	1,000,000					
Mizuho Bank, Ltd.		–	1,000,000					
The Norinchukin Bank		–	1,500,000					
Sumitomo Mitsui Trust Bank, Limited		–	1,000,000					
Sumitomo Mitsui Banking Corporation	October 1, 2021	–	1,000,000	0.37% (Note 3)	September 29, 2028	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
Development Bank of Japan Inc.		–	1,000,000					
Aozora Bank, Ltd.		–	1,000,000					
Resona Bank, Limited		–	1,000,000					
The Nishi-Nippon City Bank, Ltd.		–	1,000,000					
The Keiyo Bank, Ltd.		–	1,000,000					
Sumitomo Mitsui Banking Corporation		–	1,000,000					
Sumitomo Mitsui Trust Bank, Limited	November 30, 2021	–	1,000,000	0.45% (Note 3)	May 31, 2029	Bullet repayment	(Note 6)	Unsecured and non-guaranteed
MUFG Bank, Ltd.		–	3,000,000					
Mizuho Bank, Ltd.		–	1,000,000					
Resona Bank, Limited		–	1,000,000					
Sumitomo Mitsui Banking Corporation		–	900,000					
The Norinchukin Bank		–	1,600,000					
Sumitomo Mitsui Trust Bank, Limited		–	1,550,000					
Aozora Bank, Ltd.	January 31, 2022	–	1,100,000	0.42% (Note 3)	July 31, 2028	Bullet repayment	(Note 6)	Unsecured and non-guaranteed
Mizuho Bank, Ltd.		–	700,000					
MUFG Bank, Ltd.		–	500,000					
Mizuho Trust & Banking Co., Ltd.		–	400,000					
The Chiba Bank, Ltd.		–	100,000					
Subtotal	–	308,700,000	327,050,000	–	–	–	–	–
Total	–	344,558,000	369,550,000	–	–	–	–	–

- (Notes) 1. Average interest rate is the loan interest rate (weighted average during the applicable term) of the corresponding lenders, and is rounded to the second decimal place.
2. DHR currently uses interest rate swaps to hedge interest rate fluctuation risk; accordingly, the indicated interest rates are the figures reflecting the effect of the interest rate swaps.
3. This loan carries a fixed interest rate.
4. The entire amount was prepaid in full on November 30, 2021.
5. To be used to purchase trust beneficiary interests in real estate and related expenses.
6. To be used for repayment of existing loans (refinancing fund).
7. To be used for redemption of rehabilitation obligations (investment corporation bonds) and repayment of rehabilitation obligations (loans).
8. To be used for redemption of investment corporation bonds.

(3) Investment Corporation Bonds

The status of investment corporation bonds issued as of February 28, 2022 is as follows:

Issue name	Issue date	Balance at the beginning of period (Yen in thousands)	Balance at the end of period (Yen in thousands)	Interest rate	Maturity	Method of redemption	Use	Note
Daiwa House REIT Investment Corporation 1st Unsecured Investment Corporation Bonds (Note 1)	December 24, 2014	2,000,000	2,000,000	0.826%	December 24, 2024	Bullet repayment	(Note 2)	Unsecured
Daiwa House Residential Investment Corporation 3rd Unsecured Investment Corporation Bonds (Note 1)	January 22, 2015	3,000,000	3,000,000	0.67%	January 22, 2025	Bullet repayment	(Note 3)	Unsecured
Daiwa House REIT Investment Corporation 5th Unsecured Investment Corporation Bonds (Note 1)	December 20, 2016	4,000,000	—	0.24%	December 20, 2021	Bullet repayment	(Note 2)	Unsecured
Daiwa House REIT Investment Corporation 6th Unsecured Investment Corporation Bonds (Note 1)	December 20, 2016	4,000,000	4,000,000	0.57%	December 18, 2026	Bullet repayment	(Note 2)	Unsecured
Daiwa House REIT Investment Corporation 7th Unsecured Investment Corporation Bonds (Note 1)	July 30, 2018	2,000,000	2,000,000	0.69%	July 30, 2030	Bullet repayment	(Note 2)	Unsecured
Daiwa House REIT Investment Corporation 8th Unsecured Investment Corporation Bonds (Note 1)	July 30, 2018	1,000,000	1,000,000	1.03%	July 30, 2038	Bullet repayment	(Note 2)	Unsecured
Daiwa House REIT Investment Corporation 9th Unsecured Investment Corporation Bonds (Green Bonds) (Note 1)	November 25, 2019	6,000,000	6,000,000	0.53%	November 22, 2029	Bullet repayment	(Note 4)	Unsecured
Daiwa House REIT Investment Corporation 10th Unsecured Investment Corporation Bonds (Green Bonds) (Note 1)	May 27, 2020	2,400,000	2,400,000	0.34%	May 27, 2025	Bullet repayment	(Note 4)	Unsecured
Daiwa House REIT Investment Corporation 11th Unsecured Investment Corporation Bonds (Green Bonds) (Note 1)	May 27, 2020	1,600,000	1,600,000	0.64%	May 27, 2030	Bullet repayment	(Note 4)	Unsecured
Daiwa House REIT Investment Corporation 12th Unsecured Investment Corporation Bonds (Green Bonds) (Note 1)	May 27, 2020	1,000,000	1,000,000	1.00%	May 25, 2040	Bullet repayment	(Note 4)	Unsecured
Daiwa House REIT Investment Corporation 13th Unsecured Investment Corporation Bonds (Note 1)	December 24, 2020	3,000,000	3,000,000	0.60%	December 24, 2032	Bullet repayment	(Note 5)	Unsecured
Daiwa House REIT Investment Corporation 14th Unsecured Investment Corporation Bonds (Green Bonds) (Note 1)	April 15, 2021	4,000,000	4,000,000	0.50%	April 15, 2031	Bullet repayment	(Note 4)	Unsecured
Daiwa House REIT Investment Corporation 15th Unsecured Investment Corporation Bonds (Sustainability Bonds) (Note 1)	November 17, 2021	—	3,000,000	0.40%	November 17, 2031	Bullet repayment	(Note 6)	Unsecured

Issue name	Issue date	Balance at the beginning of period (Yen in thousands)	Balance at the end of period (Yen in thousands)	Interest rate	Maturity	Method of redemption	Use	Note
Daiwa House REIT Investment Corporation 16th Unsecured Investment Corporation Bonds (Sustainability Bonds) (Note 1)	November 17, 2021	—	1,000,000	0.66%	November 17, 2036	Bullet repayment	(Note 6)	Unsecured
Daiwa House REIT Investment Corporation 17th Unsecured Investment Corporation Bonds (Note 1)	December 16, 2021	—	4,000,000	0.24%	December 16, 2027	Bullet repayment	(Note 5)	Unsecured
Total	—	34,000,000	38,000,000	—	—	—	—	—

(Notes) 1. The bonds have pari passu conditions among specified investment corporation bonds.
2. To be used for repayment of existing loans.
3. To be used for redemption of rehabilitation obligations (investment corporation bonds) and repayment of rehabilitation obligations (loans).
4. To be used for a part of the funds for the repayment of existing loans associated with "eligible green assets."
5. To be used for redemption of investment corporation bonds.
6. To be used for a part of the funds for the repayment of existing loans associated with "eligible sustainability assets."

(4) Short-Term Investment Corporation Bonds

Not applicable.

(5) Unit Acquisition Rights

Not applicable.

▶ 6. Status of Acquisition and Sale during the Period

Property name	Acquisition		Disposition			
	Acquisition date	Acquisition price (Yen in millions) (Note 1)	Disposition date	Disposition price (Yen in millions) (Note 1)	Book value (Yen in millions)	Gain or loss on sale (Yen in millions) (Note 2)
D Project Wako A	September 3, 2021	10,750	—	—	—	—
GRANODE Hiroshima (additional acquisition of 50% quasi co-ownership)	September 3, 2021	14,400	—	—	—	—
D Project Hiratsuka	October 1, 2021	15,200	—	—	—	—
DPL Nagareyama III	October 1, 2021	32,000	—	—	—	—
Castalia Sumiyoshi II	February 21, 2022	1,420	—	—	—	—
Castalia Ohori Bay Tower	—	—	September 30, 2021	3,740	2,384	1,335
Total		73,770		3,740	2,384	1,335

(Notes) 1. "Acquisition price" and "disposition price" are the amounts that do not include the various expenses required in the acquisition or disposition of the property, settlement money such as taxes and public dues, consumption taxes, and leasehold guarantee deposits, etc.
2. "Gain or loss on sale" represents the disposition price less book value of disposed property and any related expenses.

(2) Transaction of Other Assets

Not applicable. Other assets are mostly bank deposits or bank deposits in trust assets.

(3) Review on Value of Specified Assets

Properties, etc.

Acquisition or disposition	Property name	Transaction date	Type of assets	Acquisition price or disposition price (Yen in millions) (Note 1)	Appraisal value (Yen in millions) (Note 2)	Appraisal agency (Note 2)	Date of value appraised (Note 2)
Acquisition	D Project Wako A	September 3, 2021	Trust beneficiary interests in real estate	10,750	11,200	Japan Real Estate Institute	June 30, 2021
Acquisition	GRANODE Hiroshima (additional acquisition of 50% quasi co-ownership)	September 3, 2021	Trust beneficiary interests in real estate	14,400	15,350	Japan Real Estate Institute	June 30, 2021
Acquisition	D Project Hiratsuka	October 1, 2021	Trust beneficiary interests in real estate	15,200	15,200	The Tanizawa Sōgō Appraisal Co., Ltd.	June 30, 2021
Acquisition	DPL Nagareyama III	October 1, 2021	Trust beneficiary interests in real estate	32,000	32,100	The Tanizawa Sōgō Appraisal Co., Ltd.	June 30, 2021
Acquisition	Castalia Sumiyoshi II	February 21, 2022	Trust beneficiary interests in real estate	1,420	1,480	Japan Real Estate Institute	January 20, 2022
Disposition	Castalia Ohori Bay Tower	September 30, 2021	Trust beneficiary interests in real estate	3,740	3,740	JLL Morii Valuation & Advisory K.K.	February 28, 2021

(Notes) 1. "Acquisition price or disposition price" is the amount that does not include the various expenses required in the acquisition or disposition of the property, settlement money such as taxes and public dues, consumption taxes, and leasehold guarantee deposits, etc.
2. Appraisal value shown above is based on "Real estate appraisal standards, Chapter 3, Appraisal of the value of real estate that is subject to securitization."

(4) Transactions with Interested Parties, etc.

Purchase and sale transactions, etc. with interested parties, etc. (Note 1) for the 32nd period are as follows:

i) Status of Transactions

Classification	Transaction amount, etc. (Note 2)			
	Purchase		Sale	
Total	¥73,770 million		¥3,740 million	
Breakdown of transactions with interested parties				
Kabushiki Kaisha Nagareyama Kyodo Kaihatsu	¥32,000 million	(43.4%)	¥— million	(—%)
Daiwa House Industry Co., Ltd.	¥25,150 million	(34.1%)	¥— million	(—%)
Daiwa House Twin City Okami Tokutei Mokuteki Kaisya	¥15,200 million	(20.6%)	¥— million	(—%)
Total	¥72,350 million	(98.1%)	¥— million	(—%)

ii) Amount of Fees Paid

Classification	Total amount paid (A) (Yen in thousands)	Breakdown of transactions with interested parties, etc. (Note 1)		
		Payment recipient	Amount paid (B) (Yen in thousands)	Rate to total amount paid (B/A) (%)
Management fees	1,560,618	Daiwa Living Co., Ltd. (Note 4)	595,546	38.2
		Daiwa House Realty Mgt. Co., Ltd. (Note 3)	333,169	21.3
		Daiwa House Property Management Co., Ltd.	273,727	17.5
		Daiwa LifeNext Co., Ltd.	42,277	2.7
		Daiwa Lease Co., Ltd.	3,437	0.2
Repairs and maintenance expenses	1,575,809	Daiwa Living Co., Ltd. (Note 4)	444,141	28.2
		Daiwa House Industry Co., Ltd.	418,399	26.6
		Daiwa House Property Management Co., Ltd.	359,394	22.8
		Daiwa House Realty Mgt. Co., Ltd. (Note 3)	205,381	13.0
		Daiwa LifeNext Co., Ltd.	32,333	2.1
		Daiwa Living Management Co., Ltd. (Note 4)	605	0.0
Restoration costs	290,664	Daiwa Lease Co., Ltd.	189	0.0
		Daiwa Living Co., Ltd. (Note 4)	207,174	71.3
Other rental expenses	141,588	Daiwa Living Co., Ltd. (Note 4)	49,144	34.7
		Daiwa House Property Management Co., Ltd.	26,119	18.4
		Daiwa House Realty Mgt. Co., Ltd. (Note 3)	14,180	10.0
		Daiwa LifeNext Co., Ltd.	63	0.0
		Daiwa Lease Co., Ltd.	15	0.0

(Notes) 1. "Interested parties, etc." are interested parties, etc., of the Asset Manager with which DHR has concluded an asset management agreement as provided in Article 201, paragraph 1 of the Investment Trusts Act, Article 123 of the Order for Enforcement of the Investment Trusts Act, Article 244-3 of Regulation for Enforcement of Investment Trusts Act and Article 26, Item 27 of The Investment Trusts Association, Japan's Rules on Management Reports, etc., of Investment Trusts and Investment Corporations.
2. "Transaction amount, etc." is the amount that does not include the various expenses required in the acquisition or disposition of the property, settlement money such as taxes and public dues, consumption taxes, and leasehold guarantee deposits, etc.
3. On October 1, 2021, an absorption-type merger was carried out with Daiwa Information Service Co., Ltd. as the surviving company and Daiwa Royal Co., Ltd. as the absorbed company, and the corporate name of Daiwa Information Service Co., Ltd. was changed to Daiwa House Realty Mgt. Co., Ltd.
4. On January 1, 2022, an absorption-type merger was carried out with Daiwa Living Co., Ltd. as the surviving company and Daiwa Living Management Co., Ltd. as the absorbed company.

(5) Status of Transactions with Asset Manager Pertaining to Business Operated by Asset Manager as Subsidiary Business

Not applicable because the Asset Manager does not engage in any business as a subsidiary business that is a type I financial instruments business, type II financial instruments business, real estate brokerage or real estate specified joint enterprise.

▶ 7. Accounting

(1) Status of Assets, Liabilities, Principal and Income/Loss

Please refer to “Balance Sheets,” “Statements of Income and Retained Earnings,” “Statements of Changes in Net Assets,” “Notes to Financial Statements” and “Distribution Information.”

(2) Changes in Method to Calculate Depreciation Expenses

Not applicable.

(3) Changes in Method to Evaluate Properties and Infrastructure Assets

Not applicable.

(4) Status of Beneficiary Certificates of Investment Trust Established by DHR

Not applicable.

(5) Disclosure relating to Overseas Real Estate Holding Corporation and Real Estate Held by such Corporation

Not applicable.

▶ 8. Other

(1) Notice

The overview of conclusions and changes, etc., of major contracts approved by DHR’s board of directors during the current fiscal period is as follows:

Date of the Board of Directors meeting	Item	Description
October 15, 2021	Conclusion of underwriting agreement for investment corporation bond issuance, etc.	In line with a comprehensive resolution on the issuance of investment corporation bonds approved on the same day, DHR resolved that the selection of an administrator of the investment corporation bonds to be issued in the future would be at the discretion of the Executive Director. Based on this resolution, DHR entrusted SMBC Nikko Securities Inc. and Mizuho Securities Co., Ltd. with the relevant work for soliciting subscribers for investment corporation bonds, and entrusted Sumitomo Mitsui Trust Bank, Limited and Sumitomo Mitsui Banking Corporation with issuance agent work, payment agent work, etc.
November 25, 2021	Conclusion of underwriting agreement for investment corporation bond issuance, etc.	In line with a comprehensive resolution on the issuance of investment corporation bonds approved on the same day, DHR resolved that the selection of an administrator of the investment corporation bonds to be issued in the future would be at the discretion of the Executive Director. Based on this resolution, DHR entrusted SMBC Nikko Securities Inc. and Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. with the relevant work for soliciting subscribers for investment corporation bonds, and entrusted Sumitomo Mitsui Trust Bank, Limited with issuance agent work, payment agent work, etc.
November 25, 2021	Conclusion of an agreement on amendments to the asset management agreement	Regarding the asset management agreement concluded on June 7, 2005 with the Asset Manager, DHR and the Asset Manager concluded an agreement on amendments to the asset management agreement with approval of the proposal pertaining to partial amendments to the Articles of Incorporation at the 13th General Meeting of Unitholders of DHR held on November 30, 2021 as a condition precedent.

(2) Treatment of Fractions in Amounts and Rates

Unless otherwise specified, amounts less than the units indicated are truncated, while values of ratio are rounded up or down to the nearest value of the last digit in this report.

II. Balance Sheets

Daiwa House REIT Investment Corporation
BALANCE SHEETS
As of August 31, 2021 and February 28, 2022

	As of	
	August 31, 2021	February 28, 2022
	(Yen in thousands)	
Assets		
Current assets:		
Cash and bank deposits (Note 3)	¥47,322,110	¥41,912,097
Operating accounts receivable	331,493	330,122
Prepaid expenses	637,149	638,140
Consumption taxes receivable	—	3,370,380
Other current assets	36,645	10,163
Allowance for doubtful accounts	(274)	(2,080)
Total current assets	48,327,124	46,258,824
Investment properties (Notes 8 and 9)	781,047,636	849,307,062
Other assets:		
Goodwill (Note 7)	59,466,797	57,484,571
Leasehold rights in trust (Note 9)	5,877,635	5,830,223
Lease and guarantee deposits in trust	3,547,353	3,547,353
Guarantee deposits	99	99
Long-term prepaid expenses	1,874,253	2,031,814
Investment corporation bond issuance costs	159,880	200,100
Investment securities (Notes 4 and 5)	9,446	9,463
Trademark rights	667	388
Total other assets	70,936,132	69,104,013
Total assets	¥900,310,893	¥964,669,900

Daiwa House REIT Investment Corporation
BALANCE SHEETS
As of August 31, 2021 and February 28, 2022

	As of	
	August 31, 2021	February 28, 2022
	(Yen in thousands)	
Liabilities		
Current liabilities:		
Operating accounts and other payable	¥2,773,385	¥1,877,306
Current portion of investment corporation bonds (Notes 4 and 15)	4,000,000	—
Current portion of long-term loans (Notes 4, 6 and 16)	35,858,000	42,500,000
Accrued expenses	1,676,979	1,784,954
Accrued consumption taxes	325,919	—
Advances received	3,293,588	3,603,785
Unearned revenue	182,962	157,957
Deposits received	246,831	177,977
Derivative liabilities (Notes 4 and 6)	14,569	11,882
Other	67,520	67,520
Total current liabilities	48,439,755	50,181,383
Non-current liabilities:		
Investment corporation bonds (Notes 4 and 15)	30,000,000	38,000,000
Long-term loans (Notes 4, 6 and 16)	308,700,000	327,050,000
Long-term unearned revenue	308,816	236,320
Tenant leasehold and security deposits	333,710	330,755
Tenant leasehold and security deposits in trust	21,857,568	23,664,971
Asset retirement obligations (Note 12)	664,585	670,889
Derivative liabilities (Notes 4 and 6)	539,144	357,567
Total non-current liabilities	362,403,826	390,310,503
Total liabilities	410,843,582	440,491,887
Net assets (Notes 13 and 14)		
Unitholders' equity:	231,766,153	268,042,601
Unitholders' capital		
Units authorized:		
8,000,000 units as of August 31, 2021 and February 28, 2022		
Units issued and outstanding:		
2,196,000 units as of August 31, 2021 and		
2,320,000 units as of February 28, 2022		
Surplus		
Capital surplus	247,667,563	247,667,563
Allowance for temporary difference adjustments	(1,708,488)	(3,401,604)
Capital surplus, net	245,959,075	244,265,959
Unappropriated retained earnings	12,295,795	12,238,902
Total surplus	258,254,871	256,504,861
Total unitholders' equity	490,021,024	524,547,463
Valuation and translation adjustments		
Deferred gains or losses on hedges (Note 6)	(553,713)	(369,449)
Total valuation and translation adjustments	(553,713)	(369,449)
Total net assets	489,467,310	524,178,013
Total liabilities and net assets	¥900,310,893	¥964,669,900

The accompanying notes are an integral part of these financial statements.

III. Statements of Income and Retained Earnings

Daiwa House REIT Investment Corporation STATEMENTS OF INCOME AND RETAINED EARNINGS

For the fiscal periods ended August 31, 2021 and February 28, 2022

	For the fiscal periods ended	
	August 31, 2021	February 28, 2022
	(Yen in thousands)	
Operating revenues:		
Rental revenues (Notes 10 and 11)	¥27,362,994	¥28,928,305
Gain on sale of investment properties (Notes 11 and 19)	2,208,587	1,335,737
Total operating revenues	29,571,582	30,264,042
Operating expenses:		
Rental expenses (Note 10)	12,081,795	12,431,148
Asset management fees	1,775,306	1,864,782
Asset custody fees	39,730	37,932
Administrative service fees	99,332	95,300
Directors' remuneration	6,600	6,600
Amortization of goodwill (Note 7)	1,982,226	1,982,226
Provision of allowance for doubtful accounts	—	2,056
Other operating expenses	470,572	434,808
Total operating expenses	16,455,564	16,854,856
Operating income	13,116,017	13,409,185
Non-operating revenues:		
Interest income	177	189
Reversal of allowance for doubtful accounts	1,222	—
Gain on forfeiture of unclaimed distributions	5,409	4,830
Gain on adjustment of liabilities	10,326	6,404
Property tax adjustment at settlement	—	58
Subsidy income	—	10,225
Other non-operating revenues	17	92
Total non-operating revenues	17,152	21,800
Non-operating expenses:		
Interest expense	1,100,508	1,136,690
Interest expense on investment corporation bonds	94,446	99,679
Amortization of investment corporation bond issuance costs	13,096	13,997
Investment unit issuance expenses	—	173,618
Borrowing related expenses	303,260	319,251
Other non-operating expenses	2,000	2,025
Total non-operating expenses	1,513,311	1,745,263
Ordinary income	11,619,858	11,685,723
Extraordinary income:		
Subsidy income (Note 8)	17,679	—
Total extraordinary income	17,679	—
Extraordinary losses:		
Loss on tax purpose reduction entry of non-current assets (Note 8)	17,328	—
Total extraordinary losses	17,328	—
Income before income taxes	11,620,208	11,685,723
Income taxes-current (Note 18)	605	605
Net income	¥11,619,603	¥11,685,118
Retained earnings brought forward	676,191	553,783
Unappropriated retained earnings	¥12,295,795	¥12,238,902

The accompanying notes are an integral part of these financial statements.

IV. Statements of Changes in Net Assets

Daiwa House REIT Investment Corporation STATEMENTS OF CHANGES IN NET ASSETS

For the fiscal periods ended August 31, 2021 and February 28, 2022

	Unitholders' equity				
	Surplus				
	Capital surplus				
	Number of units issued and out-standing	Unitholders' capital	Capital surplus	Allowance for temporary difference adjustments	Capital surplus, net
	(Units)				
	(Yen in thousands)				
Balance as of February 28, 2021	2,196,000	¥231,766,153	¥247,667,563	¥(50,508)	¥247,617,055
Changes during the period:					
Distribution in excess of earnings from allowance for temporary difference adjustments	—	—	—	(1,657,980)	(1,657,980)
Distributions from surplus	—	—	—	—	—
Net income	—	—	—	—	—
Net changes of items other than changes of unitholders' equity	—	—	—	—	—
Total changes during the period	—	—	—	(1,657,980)	(1,657,980)
Balance as of August 31, 2021	2,196,000	¥231,766,153	¥247,667,563	¥(1,708,488)	¥245,959,075
Changes during the period:					
Issuance of new investment units: on September 1, 2021	115,000	33,643,480	—	—	—
on September 28, 2021	9,000	2,632,968	—	—	—
Distribution in excess of earnings from allowance for temporary difference adjustments	—	—	—	(1,693,116)	(1,693,116)
Distributions from surplus	—	—	—	—	—
Net income	—	—	—	—	—
Net changes of items other than changes of unitholders' equity	—	—	—	—	—
Total changes during the period	—	36,276,448	—	(1,693,116)	(1,693,116)
Balance as of February 28, 2022	2,320,000	¥268,042,601	¥247,667,563	¥(3,401,604)	¥244,265,959

IV. Statements of Changes in Net Assets

Daiwa House REIT Investment Corporation STATEMENTS OF CHANGES IN NET ASSETS

For the fiscal periods ended August 31, 2021 and February 28, 2022

	Unitholders' equity			Valuation and translation adjustments	
	Surplus				
	Unappropriated retained earnings	Total surplus	Total unitholders' equity	Deferred gains or losses on hedges	Total net assets
	(Yen in thousands)				
Balance as of February 28, 2021	¥11,877,987	¥259,495,043	¥491,261,196	¥(674,687)	¥490,586,508
Changes during the period:					
Distribution in excess of earnings from allowance for temporary difference adjustments	—	(1,657,980)	(1,657,980)	—	(1,657,980)
Distributions from surplus	(11,201,796)	(11,201,796)	(11,201,796)	—	(11,201,796)
Net income	11,619,603	11,619,603	11,619,603	—	11,619,603
Net changes of items other than changes of unitholders' equity	—	—	—	120,974	120,974
Total changes during the period	417,807	(1,240,172)	(1,240,172)	120,974	(1,119,198)
Balance as of August 31, 2021	¥12,295,795	¥258,254,871	¥490,021,024	¥(553,713)	¥489,467,310
Changes during the period:					
Issuance of new investment units: on September 1, 2021	—	—	33,643,480	—	33,643,480
on September 28, 2021	—	—	2,632,968	—	2,632,968
Distribution in excess of earnings from allowance for temporary difference adjustments	—	(1,693,116)	(1,693,116)	—	(1,693,116)
Distributions from surplus	(11,742,012)	(11,742,012)	(11,742,012)	—	(11,742,012)
Net income	11,685,118	11,685,118	11,685,118	—	11,685,118
Net changes of items other than changes of unitholders' equity	—	—	—	184,264	184,264
Total changes during the period	(56,893)	(1,750,009)	34,526,438	184,264	34,710,702
Balance as of February 28, 2022	¥12,238,902	¥256,504,861	¥524,547,463	¥(369,449)	¥524,178,013

The accompanying notes are an integral part of these financial statements.

V. Statements of Cash Flows

Daiwa House REIT Investment Corporation STATEMENTS OF CASH FLOWS For the fiscal periods ended August 31, 2021 and February 28, 2022

	For the fiscal periods ended	
	August 31, 2021	February 28, 2022
	(Yen in thousands)	
Cash flows from operating activities:		
Income before income taxes	¥11,620,208	¥11,685,723
Depreciation and amortization	5,271,752	5,625,565
Amortization of goodwill	1,982,226	1,982,226
Amortization of investment corporation bond issuance costs	13,096	13,997
Amortization of trademark rights	278	278
Loss on retirement of non-current assets	27,409	18,379
Loss on tax purpose reduction entry of non-current assets	17,328	—
Investment unit issuance expenses	—	173,618
Interest income	(177)	(189)
Interest expense	1,194,955	1,236,369
Decrease (increase) in operating accounts receivable	(66,726)	1,370
Increase in consumption taxes receivable	—	(3,370,380)
Decrease (increase) in prepaid expenses	35,731	(990)
Increase (decrease) in operating accounts and other payable	50,500	(211,276)
Decrease in accrued consumption taxes	(866,052)	(325,919)
Increase (decrease) in accrued expenses	(25,464)	103,869
Decrease in deposits received	(7,787)	(68,853)
Increase in advances received	96,910	310,196
Decrease (increase) in long-term prepaid expenses	162,469	(157,561)
Increase (decrease) in allowance for doubtful accounts	(1,223)	1,805
Decrease in investment properties due to sale	1,176,266	2,377,666
Increase in lease and guarantee deposits in trust	(48,375)	—
Other	69,681	117,126
Subtotal	20,703,010	19,513,024
Interest received	177	189
Interest paid	(1,303,725)	(1,329,765)
Income taxes paid	(606)	(606)
Net cash provided by operating activities	19,398,855	18,182,841
Cash flows from investing activities:		
Acquisition of investment properties	(7,843,313)	(76,921,410)
Proceeds from tenant leasehold and security deposits	23,167	27,725
Repayment of tenant leasehold and security deposits	(32,242)	(36,125)
Proceeds from tenant leasehold and security deposits in trust	2,106,287	3,118,287
Repayment of tenant leasehold and security deposits in trust	(2,079,324)	(1,389,797)
Net cash used in investing activities	(7,825,425)	(75,201,320)
Cash flows from financing activities:		
Proceeds from short-term loans	—	4,000,000
Repayment of short-term loans	—	(4,000,000)
Proceeds from long-term loans	8,500,000	38,850,000
Repayment of long-term loans	(12,500,000)	(13,858,000)
Proceeds from issuance of investment corporation bonds	3,974,148	7,945,782
Redemption of investment corporation bonds	—	(4,000,000)
Proceeds from issuance of investment units	—	36,102,829
Distribution payment	(12,851,925)	(13,432,146)
Net cash provided by (used in) financing activities	(12,877,777)	51,608,465
Net decrease in cash and cash equivalents	(1,304,347)	(5,410,013)
Cash and cash equivalents at beginning of the period	48,626,458	47,322,110
Cash and cash equivalents at end of the period (Note 3)	¥47,322,110	¥41,912,097

The accompanying notes are an integral part of these financial statements.

VI. Notes to Financial Statements

Daiwa House REIT Investment Corporation
Notes to Financial Statements

As of and for the fiscal periods ended August 31, 2021 and February 28, 2022

Note 1 – Organization and Basis of Presentation

Organization

Daiwa House REIT Investment Corporation (“DHR”) is a real estate investment trust whose sponsor is Daiwa House Industry Co., Ltd. (“Daiwa House”) and whose asset manager is Daiwa House Asset Management Co., Ltd. (the “Asset Manager”), a wholly owned subsidiary of Daiwa House.

DHR was listed on the Real Estate Investment Trust (“REIT”) Market of Tokyo Stock Exchange, Inc. (“TSE”) on March 22, 2006, and then later merged with New City Residence Investment Corporation on April 1, 2010. Subsequently on December 1, 2011, DHR changed its corporate name to Daiwa House Residential Investment Corporation, and accordingly changed its investment targets to residential properties.

The former Daiwa House REIT Investment Corporation (the Daiwa House REIT Investment Corporation, which was dissolved upon the merger with DHR as of September 1, 2016, and hereinafter referred to as the “former DHR”) was established on September 14, 2007, whose asset manager was Daiwa House REIT Management Co., Ltd., a wholly owned subsidiary of Daiwa House. The former DHR was listed on the TSE REIT Market on November 28, 2012, as a REIT that targeted investment in logistics and retail properties.

On September 1, 2016, DHR merged with the former DHR in an absorption-type merger with DHR as the surviving corporation, and changed its corporate name from Daiwa House Residential Investment Corporation to Daiwa House REIT Investment Corporation.

After the merger, DHR shifted to a diversified portfolio strategy, targeting investment in new asset classes such as hotel and office properties, in addition to those that DHR and the former DHR had targeted for investment in the past.

As of February 28, 2022, DHR’s portfolio included 230 properties at a total acquisition price of ¥895.1 billion.

During the fiscal period ended February 28, 2022, DHR issued 115,000 new investment units through a public offering with an offer price of ¥301,791 per unit (paid-in amount: ¥292,552 per unit) on September 1, 2021 and 9,000 new investment units through a third-party allotment also with a paid-in amount of ¥292,552 per unit on September 28, 2021.

Basis of Presentation

The accompanying financial statements have been prepared in accordance with the provisions set forth in the Act on Investment Trust and Investment Corporations (the “Investment Trust Act,” Act No. 198 of 1951, as amended), the Financial Instruments and Exchange Act of Japan and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan (“Japanese GAAP”), which are different in certain respects as to application and disclosure requirements from International Financial Reporting Standards or accounting principles generally accepted in the United States of America.

The accompanying financial statements have been reformatted and translated into English from the financial statements of DHR prepared in accordance with Japanese GAAP. In preparing the accompanying financial statements, relevant notes have been expanded and certain reclassifications have been made from the Japanese GAAP financial statements. Certain supplementary information included in the statutory Japanese GAAP financial statements, but not required for fair presentation, is not presented in the accompanying financial statements.

DHR maintains its accounting records in Japanese yen, the currency of the country in which DHR operates. As

permitted by the regulations under the Financial Instruments and Exchange Act, amounts of less than one thousand yen have been omitted. Unless otherwise specified, amounts of less than the units indicated are truncated, while values of ratios are rounded up or down to the nearest value of the last digit in the accompanying financial statements. As a result, totals shown in the accompanying financial statements do not necessarily agree with the sums of the individual amounts.

DHR’s fiscal period is a six-month period ending at end of February and August of each year.

Note 2 – Summary of Significant Accounting Policies

(a) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and in trust, bank deposits and deposits in trust redeemable on demand, and short-term investments, which are readily convertible to cash, with maturities of three months or less from the date of acquisition, and insignificant risk of market value fluctuation.

(b) Investment Properties

Investment properties are stated at cost, net of accumulated depreciation. The cost of investment properties includes the allocated purchase price, related costs and expenses for acquisition. Depreciation is calculated on a straight-line basis over the estimated useful lives as stated below.

	Years
Buildings	2 – 69
Structures	3 – 63
Machinery and equipment	7 – 28
Tools, furniture and fixtures	2 – 28

Costs related to the renovation, construction and improvement of properties are capitalized. Expenditures for repairs and maintenance, which do not add to the value or prolong the useful life of a property, are expensed as incurred.

(c) Intangible Assets

Intangible assets are amortized on a straight-line basis. The useful lives of major intangible assets are listed below.

	Years
Goodwill	20

Leasehold rights (general fixed-term land lease rights) are amortized on a straight-line basis over the life of each contract.

(d) Investment Corporation Bond Issuance Costs

Investment corporation bond issuance costs are amortized on a straight-line basis over the redemption periods.

(e) Investment Unit Issuance Expenses

The issuance costs of new investment units are expensed when incurred.

(f) Investment Securities

Held-to-maturity bonds are stated at amortized cost using the straight-line method.

(g) Revenue Recognition

DHR recognizes rental revenues in accordance with Accounting Standards Board of Japan (“ASBJ”) Statement No. 13 “Accounting Standard for Lease Transactions.”

As for revenue from contracts with customers as defined in ASBJ Statement No. 29 “Accounting Standard for Revenue Recognition,” DHR recognizes such revenue when DHR satisfies a performance obligation by transferring a control of a promised good or service to a customer, at the amount of consideration to which DHR expects to be entitled in exchange for transferring promised goods or services.

Details of major performance obligations related to revenue from contracts with customers and a typical point in time at which DHR satisfies a performance obligation and recognizes revenue are as follows:

(1) Sale of investment properties

As to sale of investment properties, DHR recognizes revenue when a buyer, who is a customer, obtains a control of a property by DHR’s satisfying the performance obligation to transfer the property as prescribed in the purchase and sale contract of the property.

(2) Utilities expenses reimbursements (incidental revenue)

As to utilities expenses reimbursements, DHR recognizes revenue based on the supply amount of electricity, water, etc. to a tenant, who is a customer, in accordance with the property lease contract and related agreements.

When it is determined that DHR is regarded as an agent, the net amount received as utilities charges for electricity, water, etc. supplied by another party, less the amount paid to the party, is recognized as revenue.

(h) Taxes on Property and Equipment

Property and equipment are subject to various taxes, such as property taxes and city planning taxes. An owner of a property is registered in a record maintained by the local government of the applicable jurisdiction, and taxes are imposed on the owner registered in the record as of January 1, based on an assessment made by the local government. The taxes are determined in April to June of each year and are paid in four installments during the year.

When a property is purchased prior to January 1 of any given calendar year, taxes for the previous year are imposed on the seller. DHR pays the seller the corresponding amount of the taxes for the period from the property’s acquisition date to December 31 of the previous year as included in the purchase price of the property, and capitalizes this amount as an acquisition cost of the property.

(i) Income Taxes

Deferred tax assets and liabilities are computed based on the differences between the financial reporting and income tax basis of assets and liabilities using the enacted tax rates.

(j) Allowance for Doubtful Accounts

To cover possible losses on collection, allowance for doubtful accounts is provided based on past experience for normal receivables and on an estimate of the collectability of receivables from companies in financial difficulty.

(k) Non-Deductible Consumption Taxes

Non-deductible consumption taxes for acquisition of assets are added on to the acquisition cost of each asset.

(l) Trust Beneficiary Interests

For trust beneficiary interests in real estate, each of the trust assets and liabilities as well as all income generated and expenses incurred in trusts are recorded in the relevant balance sheet and income statement accounts.

(m) Derivatives and Hedge Accounting

Deferral hedge accounting is applied for derivatives. DHR uses interest-rate swaps as hedging instruments in order to hedge the risk of interest rate fluctuations related to borrowings. Pursuant to Japanese GAAP, DHR applies the special accounting treatment to interest-rate swaps which qualify for hedge accounting and meet specific criteria. Under the special accounting treatment, the related differentials paid or received under such swap contracts can be recognized and included in interest expenses or income of the hedged assets or liabilities, and the interest-rate swaps are not required to be measured at fair value separately.

The assessment of hedge effectiveness is omitted when the significant terms of the hedged item and hedging instrument, including the notional principal amount, are the same and changes in cash flows of the hedged item can be expected to be offset in full from the commencement of a hedge relationship and continuously thereafter. The assessment of hedge effectiveness is also omitted for all interest-rate swaps which meet the specific criteria under the special accounting treatment.

(n) Changes in Accounting Policies**(1) Accounting Standard for Revenue Recognition and its Implementation Guidance**

Effective from the beginning of the fiscal period ended February 28, 2022, DHR has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) (hereinafter, the “Accounting Standard for Revenue Recognition”) and its implementation guidance.

The Accounting Standard for Revenue Recognition does not apply for rental revenues, which are subject to ASBJ Statement No. 13 “Accounting Standard for Lease Transactions.”

There is no material impact from this change on the financial statements for the fiscal period ended February 28, 2022.

In accordance with the transitional treatment prescribed in Paragraph 89-3 of the Accounting Standard for Revenue Recognition, DHR does not disclose notes on revenue recognition for the fiscal period ended August 31, 2021.

(2) Accounting Standards for Fair Value Measurement and their Implementation Guidance

Effective from the beginning of the fiscal period ended February 28, 2022, DHR has applied Accounting Standards including the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019) and their implementation guidance (collectively hereinafter, the “Accounting Standards for FVM”). In accordance with the transitional treatment prescribed in Paragraph 19 of the Accounting Standards for FVM and Paragraph 44-2 of “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019), DHR implemented the Accounting Standards for FVM as DHR’s new accounting policy prospectively. There is no material impact from this change on the financial statements for the fiscal period ended February 28, 2022.

Note 3 – Cash and Cash Equivalents

Cash and cash equivalents shown in the statement of cash flows consist of the following balance sheet items.

	As of	
	August 31, 2021	February 28, 2022
	(Yen in thousands)	
Cash and bank deposits	¥47,322,110	¥41,912,097
Cash and cash equivalents	¥47,322,110	¥41,912,097

Note 4 – Financial Instruments**(a) Qualitative Information on Financial Instruments***Policy on financial instruments*

As a policy, when acquiring real estate and other properties, as well as when repaying its obligations, DHR raises necessary funds through loans from financial institutions, issuance of investment corporation bonds and issuance of investment units, etc. DHR carefully pays attention to ensure their financing to be long-term, cost effective and stable, while considering applying various financial methods and dispersing repayment dates.

DHR may use derivative financial instruments for such purposes as hedging interest rate fluctuation risk, but does not use them for speculative purposes. DHR currently uses interest-rate swaps to hedge interest rate fluctuation risk.

Surplus funds can be invested in securities or monetary claims; however, as a current policy of DHR, they are deposited in interest-bearing accounts.

Nature and extent of risks arising from financial instruments and risk management

The Asset Manager stipulates basic provisions of risk management in its risk management rules.

Investment corporation bonds and loans are used to finance acquisitions of real estate and repayments of loans. Although these financial instruments are exposed to liquidity risk, DHR controls such risk by maintaining the ratio of interest-bearing debt to total assets under a certain percentage, dispersing repayment dates, and retaining a certain amount of highly liquid cash and deposits.

Floating rate loans are exposed to the risk of interest rate fluctuations. In order to reduce the impact caused by rising interest rates, DHR closely monitors the movement of interest rates and intends to increase fixed rate loans.

Deposits are exposed to credit risks, including collapse of the financial institutions where deposits are made. DHR manages such risks through the use of liquid deposits.

Supplemental explanation concerning fair value of financial instruments

Since certain assumptions and factors are reflected in estimating the fair value, different assumptions and factors could result in a different value.

(b) Estimated Fair Value of Financial Instruments

Book value on the balance sheet, fair value and the difference as of August 31, 2021 and February 28, 2022 are as shown below. The disclosure for “Cash and bank deposits” is omitted since their fair value approximates their book value due to short maturity. The disclosure for “Tenant leasehold and security deposits” and “Tenant leasehold and security deposits in trust” is also omitted due to immateriality.

	As of					
	August 31, 2021			February 28, 2022		
	(Yen in thousands)					
Assets	Book value	Fair value	Difference	Book value	Fair value	Difference
(1) Investment securities:						
Held-to-maturity bonds	¥9,446	¥9,530	¥83	¥9,463	¥9,173	¥(290)
Total	¥9,446	¥9,530	¥83	¥9,463	¥9,173	¥(290)
Liabilities						
(2) Current portion of investment corporation bonds	¥4,000,000	¥4,000,002	¥2	¥—	¥—	¥—
(3) Current portion of long-term loans	35,858,000	35,915,307	57,307	42,500,000	42,544,256	44,256
(4) Investment corporation bonds	30,000,000	30,048,552	48,552	38,000,000	37,766,430	(233,569)
(5) Long-term loans	308,700,000	312,906,759	4,206,759	327,050,000	329,850,499	2,800,499
Total	¥378,558,000	¥382,870,623	¥4,312,623	¥407,550,000	¥410,161,186	¥2,611,186
(6) Derivatives (*)	¥(553,713)	¥(553,713)	¥—	¥(369,449)	¥(369,449)	¥—

(*) Amounts arising from derivative transactions are shown on a net basis with any amounts inside parentheses () indicating a net liability position.

Notes:

1. Methods to estimate fair value of financial instruments and matters regarding derivatives

Assets:

(1) Investment securities

The fair value is based on reference statistical prices for OTC bond transactions.

For the book value on the balance sheet and the fair value of held-to-maturity bonds, and the difference between the two values, please refer to Note 5 – “Investment Securities” below.

Liabilities:

(2) Current portion of investment corporation bonds and (4) Investment corporation bonds

The fair value of these bonds is measured as the present value, which is calculated by discounting the total of principal and interest by the interest rate assumed based on the remaining period until maturity and credit risk.

(3) Current portion of long-term loans and (5) Long-term loans

For long-term loans with floating interest rates, their fair value is approximately equal to their book value. Thus, the book value is used as the fair value. However, for those which are hedged by interest rate swaps meeting hedge accounting criteria, DHR employs a method to calculate the fair value by discounting the total

of the principal and interest accounted for under the special accounting treatment for interest rate swaps by an interest rate assumed to be applied if similar types of loans are entered into.

For long-term loans with fixed interest rates, DHR employs a method to calculate the fair value by discounting the total of the principal and interest by an interest rate assumed to be applied if similar types of loans are entered into.

(6) Derivatives

Please refer to Note 6 – “Derivative Transactions” below.

2. Redemption schedule for monetary claims after August 31, 2021 and February 28, 2022 is as follows:

As of August 31, 2021	Due within one year	Due after one to two years	Due after two to three years	Due after three to four years	Due after four to five years	Due after five years
	(Yen in thousands)					
Investment securities	¥—	¥—	¥—	¥—	¥—	¥10,000
Total	¥—	¥—	¥—	¥—	¥—	¥10,000

As of February 28, 2022	Due within one year	Due after one to two years	Due after two to three years	Due after three to four years	Due after four to five years	Due after five years
	(Yen in thousands)					
Investment securities	¥—	¥—	¥—	¥—	¥—	¥10,000
Total	¥—	¥—	¥—	¥—	¥—	¥10,000

3. Repayment schedule for investment corporation bonds and long-term loans after August 31, 2021 and February 28, 2022 is as follows:

As of August 31, 2021	Due within one year	Due after one to two years	Due after two to three years	Due after three to four years	Due after four to five years	Due after five years
	(Yen in thousands)					
Investment corporation bonds (*)	¥4,000,000	¥—	¥—	¥7,400,000	¥—	¥22,600,000
Long-term loans (*)	35,858,000	37,900,000	44,700,000	35,100,000	46,100,000	144,900,000
Total	¥39,858,000	¥37,900,000	¥44,700,000	¥42,500,000	¥46,100,000	¥167,500,000

As of February 28, 2022	Due within one year	Due after one to two years	Due after two to three years	Due after three to four years	Due after four to five years	Due after five years
	(Yen in thousands)					
Investment corporation bonds	¥—	¥—	¥5,000,000	¥2,400,000	¥4,000,000	¥26,600,000
Long-term loans (*)	42,500,000	42,100,000	35,100,000	44,600,000	46,500,000	158,750,000
Total	¥42,500,000	¥42,100,000	¥40,100,000	¥47,000,000	¥50,500,000	¥185,350,000

(*) The figures above include the current portion.

Note 5 – Investment Securities

Investment securities held by DHR are Japanese government bonds deposited with the Tokyo Legal Affairs Bureau as business security deposits in accordance with the Building Lots and Building Transaction Business Act.

Book value on the balance sheet, fair value and the difference as of August 31, 2021 and February 28, 2022 are as follows:

	As of					
	August 31, 2021			February 28, 2022		
	(Yen in thousands)					
	Book value	Fair value	Difference	Book value	Fair value	Difference
Fair value exceeding the book value						
Held-to-maturity bonds:						
Government bonds	¥9,446	¥9,530	¥83	¥—	¥—	¥—
Subtotal	9,446	9,530	83	—	—	—
Fair value not exceeding the book value						
Held-to-maturity bonds:						
Government bonds	—	—	—	9,463	9,173	(290)
Subtotal	—	—	—	9,463	9,173	(290)
Total	¥9,446	¥9,530	¥83	¥9,463	¥9,173	¥(290)

Note 6 – Derivative Transactions

(a) *Derivative Transactions for Which Hedge Accounting Has Not Been Applied* — None

(b) *Derivative Transactions for Which Hedge Accounting Has Been Applied*

Contract amount or notional principal amount of derivative transactions classified by hedge accounting method is as follows:

		As of					
		August 31, 2021			February 28, 2022		
		(Yen in thousands)					
Type of derivative transaction	Hedged item	Contract amount		Fair value	Contract amount		Fair value
		Total	Due after one year		Total	Due after one year	
<u>Principle method</u>							
Interest-rate swap	Long-term loan						
Receive floating/		¥44,500,000	¥34,000,000	¥(553,713)	¥37,500,000	¥27,000,000	¥(369,449)
Pay fixed				(Note 1)			(Note 1)
<u>Special treatment for interest-rate swaps</u>							
Interest-rate swap	Long-term loan						
Receive floating/		71,758,000	54,900,000	(Note 2)	64,900,000	44,400,000	(Note 2)
Pay fixed							
Total		¥116,258,000	¥88,900,000	¥(553,713)	¥102,400,000	¥71,400,000	¥(369,449)

Notes:

1. Fair value is quoted by counterparties based on the prevailing market interest rates.
2. Under the special accounting treatment, interest-rate swaps are accounted for as part of the long-term loans, the hedged item; thus, the fair value is included in the fair value of the long-term loans. (Please refer to Note 4 – “Financial Instruments” above.)

Note 7 – Goodwill

On September 1, 2016, DHR merged with the former DHR in an absorption-type merger (the “Merger”) with DHR as the surviving corporation and the former DHR as the absorbed corporation.

On the business combination date, consideration given for the acquisition was ¥219,425,976 thousand, which was the amount equivalent to the fair value of DHR investment units allotted, while the fair value of the net assets acquired from the former DHR was ¥140,136,912 thousand. The excess of the acquisition cost over the fair value of the net assets acquired, in the amount of ¥79,289,063 thousand, was recognized as goodwill upon the Merger. The amount of goodwill is amortized over 20 years using the straight-line method. As of August 31, 2021 and February 28, 2022, the unamortized balances of goodwill from the Merger were ¥59,466,797 thousand and ¥57,484,571 thousand, respectively.

Note 8 – Investment Properties

As of August 31, 2021 and February 28, 2022, investment properties consist of the following property and equipment and property and equipment in trust.

	As of					
	August 31, 2021			February 28, 2022		
	(Yen in thousands)					
	Acquisition cost	Accumulated depreciation	Net	Acquisition cost	Accumulated depreciation	Net
Property and equipment:						
Land	¥21,711,324	¥—	¥21,711,324	¥21,711,324	¥—	¥21,711,324
Buildings	25,684,276	5,667,304	20,016,971	25,743,766	5,937,029	19,806,736
Structures	241,007	54,341	186,666	241,007	57,297	183,709
Machinery and equipment	470,918	182,442	288,476	473,958	193,442	280,516
Tools, furniture and fixtures	760,756	482,864	277,892	800,285	512,828	287,456
Property and equipment in trust:						
Land	389,983,140	—	389,983,140	421,989,027	—	421,989,027
Buildings	390,063,053	52,144,567	337,918,486	430,758,494	56,356,204	374,402,289
Structures	9,506,605	1,536,018	7,970,586	10,101,572	1,718,537	8,383,035
Machinery and equipment	2,549,001	1,299,698	1,249,302	2,653,869	1,337,238	1,316,630
Tools, furniture and fixtures	1,745,809	805,032	940,776	1,848,352	902,018	946,334
Construction in progress	504,011	—	504,011	—	—	—
Total	¥843,219,905	¥62,172,269	¥781,047,636	¥916,321,659	¥67,014,596	¥849,307,062

For the period ended August 31, 2021, DHR received a subsidy for business expenses incurred for measures to control carbon dioxide emission in fiscal year 2020 (the subsidy to support renovations for highly efficient facilities) and recognized it as subsidy income. Most of the subsidy amount was allocated for part of acquisition cost of certain property and equipment. In accordance with the Japanese tax law, a reduction entry was made by directly deducting the allocated amount from the acquisition cost of the property and equipment and recognizing it as loss on tax purpose reduction entry of non-current assets. The property and equipment for which the subsidy was allocated and the amount of the reduction entry are as follows:

	For the fiscal periods ended	
	August 31, 2021	February 28, 2022
	(Yen in thousands)	
Buildings in trust	¥17,328	¥17,328

Note 9 – Fair Value of Investment Properties

DHR owns logistics, residential, retail and hotel properties, and other assets for lease in the Tokyo metropolitan area and other areas for the purpose of earning rental revenues. The book value of these investment properties including leasehold rights in trust, net change in the book value and the fair value are as follows:

	As of / For the fiscal periods ended	
	August 31, 2021	February 28, 2022
	(Yen in thousands)	
Book value:		
Balance at beginning of the period	¥784,679,091	¥786,925,272
Net change during the period	2,246,180	68,212,013
Balance at end of the period	¥786,925,272	¥855,137,285
Fair value at end of the period	¥939,116,000	¥1,029,777,000

Notes:

1. The book value above includes leasehold rights in trust of ¥5,877,635 thousand and ¥5,830,223 thousand as of August 31, 2021 and February 28, 2022, respectively.
2. For the period ended August 31, 2021, the increase is mainly due to the acquisition of DPL Shin-Narashino (¥5,984,736 thousand), while the decrease is mainly attributable to the sale of Big Tower Minami Sanjo (¥1,183,363 thousand) and depreciation. For the period ended February 28, 2022, the increase is mainly due to the acquisitions of five properties including DPL Nagareyama III (¥74,252,397 thousand), while the decrease is mainly attributable to the sale of Castalia Ohori Bay Tower (¥2,384,762 thousand) and depreciation.
3. The fair value at end of the period represents the value assessed by third-party real estate appraisers. As to Castalia Ohori Bay Tower, which was disposed of on September 30, 2021, the fair value as of August 31, 2021 is measured based on the selling price (¥3,740,000 thousand) stated in the purchase and sale contract of the real estate trust beneficiary interest on July 2, 2021.

Note 10 – Rental Revenues and Expenses

Rental revenues generated from investment properties and related expenses for the periods ended August 31, 2021 and February 28, 2022 are as follows:

	For the fiscal periods ended	
	August 31, 2021	February 28, 2022
	(Yen in thousands)	
Rental revenues:		
Rental revenues	¥25,546,684	¥27,199,040
Common area charges	556,584	557,560
Subtotal	26,103,268	27,756,601
Other revenues related to property leasing:		
Facility charges	431,429	482,672
Incidental revenues	411,211	433,495
Other revenues	417,084	255,535
Subtotal	1,259,726	1,171,703
Total rental revenues	¥27,362,994	¥28,928,305
Rental expenses:		
Management fees	¥1,529,941	¥1,560,618
Utilities	428,069	479,766
Taxes and public dues	2,166,782	2,158,531
Repairs	1,571,777	1,575,809
Restoration costs	374,684	290,664
Insurance premiums	32,849	34,685
Custodian fees	57,964	59,021
Depreciation and amortization	5,271,752	5,625,565
Other operating expenses	647,973	646,485
Total rental expenses	¥12,081,795	¥12,431,148
Operating income from property leasing activities	¥15,281,199	¥16,497,156

Note 11 – Revenue from Contracts with Customers**(a) Information on disaggregated revenue from contracts with customers**

	For the fiscal period ended	
	February 28, 2022	
	(Yen in thousands)	
	Revenue from contracts with customers (*1)	Operating revenue from external customers
Proceeds from sale of investment properties	¥3,740,000	(*2) ¥1,335,737
Utilities expenses reimbursements	416,316	416,316
Other	—	28,511,988
Total	¥4,156,316	¥30,264,042

Notes:

- The amounts do not include rental revenues, etc. subject to ASBJ Statement No. 13 “Accounting Standard for Lease Transactions” and transfer of real estate properties, etc. subject to the Japan Institute of Certified Public Accountants Accounting Practice Committee Statement No. 15 “Practical Guidelines on Accounting by Transferors for Securitization of Real Property by Using Special Purpose Companies” since these are not within the scope of application of the Accounting Standard for Revenue Recognition. Revenue from contracts with customers in the above table mainly consist of proceeds from sale of investment properties and utilities expenses reimbursements.
- Proceeds from sale of investment properties are shown in the statements of income and retained earnings as gain (loss) on sale of investment properties (the net amount after deducting cost of investment properties sold and other sales expenses from proceeds from sale of investment properties). At DHR, gain on sale of investment properties is recorded under operating revenues, while loss on sale of investment properties is recorded under operating expenses. Therefore, in the above table, only the amount of gain on sale of investment properties is presented.

(b) Information on basis for understanding revenue from contracts with customers

Please refer to Note 2 – “Summary of Significant Accounting Policies, (g) Revenue Recognition.”

(c) Information regarding relationship between fulfillment of performance obligations in accordance with contracts with customers and cash flow arising from the contracts, as well as amounts and timing of revenue expected to be recognized in the following fiscal period onward from contracts with customers existing at the end of the current fiscal period

(1) Balances of contract assets and contract liabilities

	For the fiscal period ended February 28, 2022 (Yen in thousands)
Receivables arising from contracts with customers (Balance at beginning of the period)	¥171,092
Receivables arising from contracts with customers (Balance at end of the period)	161,837
Contract assets (Balance at beginning of the period)	—
Contract assets (Balance at end of the period)	—
Contract liabilities (Balance at beginning of the period)	—
Contract liabilities (Balance at end of the period)	—

(2) Transaction price allocated to remaining performance obligations

Not applicable.

For utilities expenses reimbursements, DHR has the right to receive from customers the amount of consideration directly corresponding to the value to the lessee, who is the customer, for the portion for which performance is completed by the fiscal period end. Therefore, in accordance with Paragraph 19 of the Implementation Guidance on Accounting Standard for Revenue Recognition, revenue is recognized in the amount for which DHR has the right to request payment. Accordingly, DHR has applied the provision of Paragraph 80-22 (2) of the Accounting Standard for Revenue Recognition and does not include utilities expenses reimbursements in this note of the transaction price allocated to remaining performance obligations.

Note 12 – Asset Retirement Obligations

DHR recognizes asset retirement obligations associated with restoration obligations upon expiration of the fixed-term land lease agreements with some landowners and those associated with contractual and legal obligations for asbestos removal.

DHR estimates the useful life of applicable assets as the remaining period of the fixed-term land lease agreements (46 – 60 years), and uses 1.0 – 2.4% discount rates for the calculation of asset retirement obligations. For buildings containing asbestos, DHR estimates the useful life to be 35 years, and uses a 0.6% discount rate. Changes in asset retirement obligations for the periods ended August 31, 2021 and February 28, 2022 are as follows:

	For the fiscal periods ended	
	August 31, 2021	February 28, 2022
	(Yen in thousands)	
Balance at beginning of the period	¥658,347	¥664,585
Increase due to acquisitions of property and equipment	—	—
Accretion expense	6,238	6,303
Balance at end of the period	¥664,585	¥670,889

Note 13 – Net Assets

DHR issues only non-par value units in accordance with the Investment Trust Act and all issue amounts of new units are designated as stated capital. DHR maintains net assets of at least ¥50,000 thousand as required by Paragraph 4 of Article 67 of the Investment Trust Act.

Note 14 – Distribution Information

In accordance with Article 37.1.1 of the bylaws set forth by DHR for cash distributions, the amount of distribution of earnings is limited to the amount of income and more than 90% of income available for distribution as set forth in Article 67.15 of the Special Taxation Measures Act of Japan (the “Measures”), which allows the REITs to deduct the amount of cash distributions from taxable income to avoid double taxation if certain requirements are met. In addition to distribution of earnings, DHR will make distribution in excess of earnings in accordance with Article 37.2 of the bylaws.

DHR has a basic policy to distribute the amount equivalent to goodwill amortization expenses in addition to net income for the fiscal period. When taxable income exceeds accounting profit associated with sale of investment properties and it causes a need for DHR to take action to maintain its favorable tax status, DHR will increase the amount of distributions in excess of earnings (distribution from capital surplus as allowance for temporary difference adjustments) to avoid corporate taxes. On the other hand, where special gains such as gain on sale of investment properties are recognized, the amount of other distributions in excess of earnings, which is a part of the above-mentioned distributions in excess of earnings in the amount equivalent to goodwill amortization expenses, may be reduced by an amount equivalent to part of the gain on sale of investment properties. For distribution of the amount equivalent to goodwill amortization expenses, DHR distributes the amount equivalent to goodwill amortization expenses as distribution in excess of earnings that can be treated as allowance for temporary difference adjustments or other distributions in excess of earnings.

For the distribution related to the fiscal period ended August 31, 2021, DHR determined the cash distribution amount of ¥13,435,128,000 (¥6,118 per unit) by totaling net income of ¥11,619,603,809 and the amount equivalent to goodwill amortization expenses of ¥1,982,226,586, subtracting ¥166,632,594 that is the amount equivalent to part of gain on sale of investment properties and adjusting the fractional parts of amounts less than ¥1 per investment unit. Of this cash distribution amount, ¥11,742,012,000 is distributed as distribution of earnings and ¥1,693,116,000 is distributed as distribution in excess of earnings, which is appropriated from capital surplus as allowance for temporary difference adjustments.

For the distribution related to the fiscal period ended February 28, 2022, DHR determined the cash distribution amount of ¥13,507,040,000 (¥5,822 per unit) by totaling net income of ¥11,685,118,501 and the amount equivalent to goodwill amortization expenses of ¥1,982,226,586, subtracting ¥159,972,640 that is the amount equivalent to part of gain on sale of investment properties and adjusting the fractional parts of amounts less than ¥1 per investment unit. Of this cash distribution amount, ¥11,869,120,000 is distributed as distribution of earnings and ¥1,637,920,000 is distributed as distribution in excess of earnings, which is appropriated from capital surplus as allowance for temporary difference adjustments.

The changes in allowance for temporary difference adjustments are reflected on the balance sheet in the fiscal period that distributions are declared. Thus, as of August 31, 2021 and February 28, 2022, the balances of allowance for temporary differences are ¥1,708,488 thousand and ¥3,401,604 thousand, respectively.

In principle, DHR will not reverse the allowance for temporary difference adjustments provided for amortization of goodwill.

Distributions related to the period but declared after the balance sheet date are summarized as follows:

	For the fiscal periods ended			
	August 31, 2021		February 28, 2022	
	(Yen)			
	Total	Per unit	Total	Per unit
Unappropriated retained earnings	¥12,295,795,753		¥12,238,902,254	
Deduction from capital surplus:				
Allowance for temporary difference adjustments	1,693,116,000		1,637,920,000	
	¥13,988,911,753		¥13,876,822,254	
Cash distributions:				
Distribution of earnings	¥11,742,012,000	¥5,347	¥11,869,120,000	¥5,116
Distribution in excess of earnings	1,693,116,000	771	1,637,920,000	706
Total cash distributions	¥13,435,128,000	¥6,118	¥13,507,040,000	¥5,822
Retained earnings carried forward	¥553,783,753		¥369,782,254	

Note 15 – Investment Corporation Bonds

The following summarizes the status of the DHR's unsecured investment corporation bonds with special pari passu conditions among specified investment corporation bonds as of August 31, 2021 and February 28, 2022. The bonds are to be repaid on a lump-sum basis on the maturity date.

Bond series	Issue date	Maturity date	Interest rate	As of	
				August 31, 2021	February 28, 2022
				(Yen in thousands)	
Daiwa House REIT Investment Corporation 1st Unsecured Bonds	December 24, 2014	December 24, 2024	0.826%	¥2,000,000	¥2,000,000
Daiwa House Residential Investment Corporation 3rd Unsecured Bonds	January 22, 2015	January 22, 2025	0.67	3,000,000	3,000,000
Daiwa House REIT Investment Corporation 5th Unsecured Bonds	December 20, 2016	December 20, 2021	0.24	4,000,000	—
Daiwa House REIT Investment Corporation 6th Unsecured Bonds	December 20, 2016	December 18, 2026	0.57	4,000,000	4,000,000
Daiwa House REIT Investment Corporation 7th Unsecured Bonds	July 30, 2018	July 30, 2030	0.69	2,000,000	2,000,000
Daiwa House REIT Investment Corporation 8th Unsecured Bonds	July 30, 2018	July 30, 2038	1.03	1,000,000	1,000,000

Bond series	Issue date	Maturity date	Interest rate	As of	
				August 31, 2021	February 28, 2022
				(Yen in thousands)	
Daiwa House REIT Investment Corporation 9th Unsecured Bonds (Green Bonds)	November 25, 2019	November 22, 2029	0.53	6,000,000	6,000,000
Daiwa House REIT Investment Corporation 10th Unsecured Bonds (Green Bonds)	May 27, 2020	May 27, 2025	0.34	2,400,000	2,400,000
Daiwa House REIT Investment Corporation 11th Unsecured Bonds (Green Bonds)	May 27, 2020	May 27, 2030	0.64	1,600,000	1,600,000
Daiwa House REIT Investment Corporation 12th Unsecured Bonds (Green Bonds)	May 27, 2020	May 25, 2040	1.00	1,000,000	1,000,000
Daiwa House REIT Investment Corporation 13th Unsecured Bonds	December 24, 2020	December 24, 2032	0.60	3,000,000	3,000,000
Daiwa House REIT Investment Corporation 14th Unsecured Bonds (Green Bonds)	April 15, 2021	April 15, 2031	0.50	4,000,000	4,000,000
Daiwa House REIT Investment Corporation 15th Unsecured Bonds (Sustainability Bonds)	November 17, 2021	November 17, 2031	0.40	—	3,000,000
Daiwa House REIT Investment Corporation 16th Unsecured Bonds (Sustainability Bonds)	November 17, 2021	November 17, 2036	0.66	—	1,000,000
Daiwa House REIT Investment Corporation 17th Unsecured Bonds	December 16, 2021	December 16, 2027	0.24	—	4,000,000
Total				¥34,000,000	¥38,000,000

Note 16 – Long-Term Loans

Long-term loans consist of borrowings from financial institutions under loan agreements. None of the loans are secured by collateral or guaranteed. The following table summarizes long-term loans as of August 31, 2021 and February 28, 2022.

	Due date	As of			
		August 31, 2021		February 28, 2022	
		(Yen in thousands)	Interest rate	(Yen in thousands)	Interest rate
Long-term loans:					
Floating-rate loan (*)	November 30, 2021	¥7,000,000	0.51%	¥—	—%
Floating-rate loan (*)	January 31, 2022	6,858,000	0.61	—	—
Floating-rate loan (*)	April 28, 2022	10,000,000	0.66	10,000,000	0.66
Floating-rate loan (*)	December 28, 2022	10,500,000	0.59	10,500,000	0.59
Floating-rate loan (*)	April 1, 2022	3,500,000	1.21	3,500,000	1.21
Floating-rate loan (*)	October 3, 2022	3,000,000	0.87	3,000,000	0.87
Floating-rate loan (*)	September 28, 2022	4,000,000	0.65	4,000,000	0.65
Fixed-rate loan	September 9, 2022	1,000,000	0.43	1,000,000	0.43
Fixed-rate loan	April 28, 2022	6,500,000	0.42	6,500,000	0.42
Floating-rate loan	August 31, 2022	2,000,000	0.26	2,000,000	0.26
Floating-rate loan	October 31, 2022	2,000,000	0.31	2,000,000	0.31
Floating-rate loan (*)	March 27, 2023	2,000,000	1.50	2,000,000	1.50
Fixed-rate loan	September 29, 2023	1,000,000	1.00	1,000,000	1.00
Floating-rate loan (*)	October 2, 2023	4,000,000	0.99	4,000,000	0.99
Floating-rate loan (*)	May 31, 2023	4,000,000	0.71	4,000,000	0.71
Fixed-rate loan	March 31, 2023	10,400,000	0.41	10,400,000	0.41
Fixed-rate loan	September 29, 2023	10,000,000	0.57	10,000,000	0.57
Fixed-rate loan	March 31, 2023	1,000,000	0.44	1,000,000	0.44
Fixed-rate loan	September 29, 2023	1,000,000	0.43	1,000,000	0.43
Floating-rate loan	September 29, 2023	6,700,000	0.29	6,700,000	0.29
Fixed-rate loan	January 31, 2024	2,000,000	0.88	2,000,000	0.88
Floating-rate loan (*)	April 1, 2024	3,000,000	1.52	3,000,000	1.52
Fixed-rate loan	September 30, 2024	1,000,000	0.73	1,000,000	0.73
Fixed-rate loan	March 29, 2024	11,000,000	0.48	11,000,000	0.48
Fixed-rate loan	March 29, 2024	1,000,000	0.55	1,000,000	0.55
Fixed-rate loan	April 30, 2024	5,000,000	0.52	5,000,000	0.52
Fixed-rate loan	October 31, 2024	8,100,000	0.39	8,100,000	0.39
Fixed-rate loan	October 31, 2024	6,000,000	0.35	6,000,000	0.35
Floating-rate loan (*)	October 1, 2025	4,000,000	1.23	4,000,000	1.23
Fixed-rate loan	October 1, 2025	3,000,000	1.18	3,000,000	1.18
Floating-rate loan (*)	May 30, 2025	4,000,000	0.97	4,000,000	0.97
Fixed-rate loan	September 29, 2025	9,000,000	0.63	9,000,000	0.63
Fixed-rate loan	March 31, 2025	11,000,000	0.70	11,000,000	0.70
Fixed-rate loan	April 30, 2025	5,000,000	0.60	5,000,000	0.60
Fixed-rate loan	September 30, 2025	1,000,000	0.60	1,000,000	0.60
Fixed-rate loan	September 30, 2025	7,600,000	0.43	7,600,000	0.43
Floating-rate loan (*)	April 1, 2026	2,000,000	2.03	2,000,000	2.03

		As of			
		August 31, 2021		February 28, 2022	
	Due date	(Yen in thousands)	Interest rate	(Yen in thousands)	Interest rate
Floating-rate loan (*)	May 29, 2026	4,000,000	1.09	4,000,000	1.09
Fixed-rate loan	September 28, 2026	1,000,000	0.69	1,000,000	0.69
Fixed-rate loan	November 30, 2026	15,000,000	0.87	15,000,000	0.87
Fixed-rate loan	April 30, 2026	10,000,000	0.76	10,000,000	0.76
Fixed-rate loan	April 30, 2026	2,000,000	0.65	2,000,000	0.65
Fixed-rate loan	April 30, 2026	1,000,000	0.45	1,000,000	0.45
Fixed-rate loan	April 30, 2026	1,000,000	0.40	1,000,000	0.40
Fixed-rate loan	March 31, 2026	500,000	0.40	500,000	0.40
Fixed-rate loan	September 30, 2026	500,000	0.41	500,000	0.41
Fixed-rate loan	March 31, 2026	1,000,000	0.44	1,000,000	0.44
Fixed-rate loan	September 30, 2026	5,500,000	0.28	5,500,000	0.28
Fixed-rate loan	March 31, 2026	—	—	3,000,000	0.28
Fixed-rate loan	April 1, 2027	1,500,000	1.46	1,500,000	1.46
Fixed-rate loan	March 31, 2027	2,000,000	0.85	2,000,000	0.85
Fixed-rate loan	July 30, 2027	12,100,000	0.89	12,100,000	0.89
Fixed-rate loan	November 30, 2027	16,000,000	0.90	16,000,000	0.90
Fixed-rate loan	September 30, 2027	1,500,000	0.75	1,500,000	0.75
Fixed-rate loan	April 30, 2027	500,000	0.50	500,000	0.50
Fixed-rate loan	July 30, 2027	8,400,000	0.46	8,400,000	0.46
Fixed-rate loan	September 30, 2027	1,000,000	0.46	1,000,000	0.46
Fixed-rate loan	April 28, 2028	10,000,000	1.02	10,000,000	1.02
Fixed-rate loan	April 28, 2028	10,000,000	0.89	10,000,000	0.89
Fixed-rate loan	December 29, 2028	5,000,000	0.88	5,000,000	0.88
Fixed-rate loan	April 28, 2028	1,500,000	0.59	1,500,000	0.59
Fixed-rate loan	September 29, 2028	1,000,000	0.51	1,000,000	0.51
Fixed-rate loan	January 31, 2028	3,500,000	0.37	3,500,000	0.37
Fixed-rate loan	September 29, 2028	—	—	10,500,000	0.37
Fixed-rate loan	July, 31, 2028	—	—	6,850,000	0.42
Floating-rate loan (*)	April 27, 2029	10,400,000	0.75	10,400,000	0.75
Floating-rate loan (*)	November 30, 2029	10,000,000	0.66	10,000,000	0.66
Fixed-rate loan	January 31, 2029	1,500,000	0.59	1,500,000	0.59
Floating-rate loan (*)	April 27, 2029	5,000,000	0.51	5,000,000	0.51
Fixed-rate loan	May 31, 2029	—	—	7,000,000	0.45
Floating-rate loan (*)	January 31, 2030	9,000,000	0.61	9,000,000	0.61
Floating-rate loan (*)	April 30, 2030	10,000,000	0.62	10,000,000	0.62
Fixed-rate loan	April 1, 2031	3,000,000	0.70	3,000,000	0.70
Fixed-rate loan	August 29, 2031	—	—	10,500,000	0.56
Fixed-rate loan	August 31, 2033	—	—	1,000,000	0.80
Total long-term loans		344,558,000		369,550,000	
Less: current portion		(35,858,000)		(42,500,000)	
Long-term loans, less current portion		¥308,700,000		¥ 327,050,000	

(*) DHR entered into an interest-rate swap contract to hedge its exposure to interest rate fluctuation risk. The stated interest rate includes the effect of the interest-rate swap.

The stated interest rate is the weighted average interest rate for the applicable fiscal period and is rounded to the second decimal place.

The repayment schedule for long-term loans subsequent to August 31, 2021 and February 28, 2022 is disclosed in Note 4 – “Financial Instruments.”

DHR has entered into a commitment line agreement with four financial institutions in order to secure flexible and stable financing. The status of the commitment line agreement as of August 31, 2021 and February 28, 2022 is as follows:

	As of	
	August 31, 2021	February 28, 2022
	(Yen in thousands)	
Total amount of commitment line	¥25,000,000	¥25,000,000
Balance executed as loans	—	—
Unused line of credit	¥25,000,000	¥25,000,000

Note 17 – Lease Transactions

Future minimum lease revenues under existing non-cancelable operating leases as of August 31, 2021 and February 28, 2022 are as follows:

	As of	
	August 31, 2021	February 28, 2022
	(Yen in thousands)	
Due within one year	¥28,746,903	¥30,860,478
Due after one year	178,408,660	188,903,005
Total	¥207,155,564	¥219,763,483

Note 18 – Deferred Income Taxes

DHR is subject to Japanese corporate income taxes on all of its taxable income. However, DHR may deduct the amount distributed to its unitholders from its taxable income when certain requirements, including a requirement to distribute in excess of 90% of distributable profit for the fiscal period, are met under the Measures. If DHR does not satisfy all of the requirements as specified in the Measures, the entire taxable income of DHR will be subject to regular corporate income taxes in Japan.

(a) Significant Components of Deferred Tax Assets and Liabilities

	As of	
	August 31, 2021	February 28, 2022
	(Yen in thousands)	
Deferred tax assets:		
Excess provision of allowance for doubtful accounts	¥86	¥654
Deferred interest income	154,713	124,039
Valuation difference at the time of merger (Land and buildings)	2,256,599	2,181,728
Asset retirement obligations	209,078	211,061
Deferred gains or losses on hedges	174,198	116,228
Amortization of fixed-term land lease rights	196,448	211,364
Other	8,336	7,733
Subtotal	2,999,460	2,852,811
Valuation reserve	(2,999,460)	(2,852,811)
Total deferred tax assets	—	—
Deferred tax liabilities:		
Valuation difference at the time of merger (Investment securities)	¥(637)	¥(618)
Valuation difference at the time of merger (Land and buildings)	(13,339,491)	(13,302,745)
Asset retirement costs	(175,992)	(175,976)
Subtotal	(13,516,122)	(13,479,339)
Valuation reserve	13,516,122	13,479,339
Total deferred tax liabilities	—	—
Net deferred tax assets	¥—	¥—

Based on the cash distribution policy set forth in Article 37 of the Articles of Incorporation, DHR may distribute an amount of cash that exceeds profit in order to minimize taxable income. DHR does not assume corporate income tax payments in future accounting periods; therefore, deferred tax liabilities are not recorded.

(b) Significant Differences Between the Statutory Tax Rate and the Effective Tax Rate After Applying Deferred Income Tax Accounting

The following table summarizes the significant differences between the statutory tax rate and DHR’s effective tax rate for financial statement purposes.

	For the fiscal periods ended	
	August 31, 2021	February 28, 2022
Statutory tax rate	31.46%	31.46%
Adjustments:		
Tax-deductible cash distributions paid	(36.37)	(36.36)
Amortization of goodwill	5.37	5.34
Change in valuation reserve	(0.46)	(0.44)
Other	0.01	0.01
Effective tax rate	0.01%	0.01%

Note 19 – Gain on Sale of Investment Properties

For the period ended August 31, 2021, DHR sold one investment property and reported a gain as follows:

	For the fiscal period ended
	August 31, 2021
	(Yen in thousands)
Big Tower Minami Sanjo	
Proceeds from sale of investment properties	¥3,515,555
Cost of investment properties sold	1,183,363
Other sales expenses	123,604
Gain on sale of investment properties	¥2,208,587

For the period ended February 28, 2022, DHR sold one investment property and reported a gain as follows:

	For the fiscal period ended
	February 28, 2022
	(Yen in thousands)
Castalia Ohori Bay Tower	
Proceeds from sale of investment properties	¥3,740,000
Cost of investment properties sold	2,384,762
Other sales expenses	19,500
Gain on sale of investment properties	¥1,335,737

Note 20 – Per Unit Information

Earnings per unit for the periods ended August 31, 2021 and February 28, 2022 and net assets per unit as of August 31, 2021 and February 28, 2022 are as follows:

	For the fiscal periods ended	
	August 31, 2021	February 28, 2022
	(Yen)	
Earnings per unit:		
Net income per unit	¥5,291	¥5,039
Weighted average number of units outstanding (units)	2,196,000	2,318,657
	As of	
	August 31, 2021	February 28, 2022
	(Yen)	
Net assets per unit	¥222,890	¥225,938

Net income per unit is calculated by dividing net income by the weighted average number of investment units during the period. Net assets per unit are calculated by dividing net assets by the number of units outstanding at each balance sheet date. Diluted earnings per unit are not disclosed since there were no diluted units.

Note 21 – Related-Party Transactions

Related-party transactions for the periods ended August 31, 2021 and February 28, 2022 are as follows:

(a) Controlling Company and Major Corporate Investors — None

(b) Affiliates — None

(c) Transactions under Common Control — None

(d) Directors and Major Individual Investors — None

Note 22 – Segment Information

(a) Segment Information

Since DHR has been engaged in a single segment of the real estate leasing business, and there is no other business segment for disclosure, segment information has been omitted.

(b) Related Information

Information about products and services

Since operating revenues from external customers for a single segment of product and service account for over 90% of total operating revenues in DHR's statements of income and retained earnings for the periods ended August 31, 2021 and February 28, 2022, information about products and services has been omitted.

Information about geographic areas

(1) Operating revenues

Since operating revenues from external customers within Japan account for over 90% of total operating revenues in DHR's statements of income and retained earnings for the periods ended August 31, 2021 and February 28, 2022, information about geographic areas has been omitted.

(2) Investment properties

Since over 90% of total investment properties on the balance sheets as of August 31, 2021 and February 28, 2022, are located within Japan, information about geographic areas on such investment properties has been omitted.

Information about major customers

Since there is not any customer accounting for 10% or more of total operating revenues in DHR's statements of income and retained earnings for the periods ended August 31, 2021 and February 28, 2022, information about major customers has been omitted.

Note 23 – Subsequent Events

Not applicable.



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Independent Auditor's Report

The Board of Directors
Daiwa House REIT Investment Corporation

Opinion

We have audited the accompanying financial statements of Daiwa House REIT Investment Corporation (the Company), which comprise the balance sheets as at February 28, 2022 and August 31, 2021, and the statements of income and retained earnings, changes in net assets, and cash flows for the six-month periods then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at February 28, 2022 and August 31, 2021, and its financial performance and its cash flows for the six-month periods then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Supervisory Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

Supervisory Directors are responsible for overseeing the Company's financial reporting process.



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the financial statements is not expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with Executive Director regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Executive Director with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

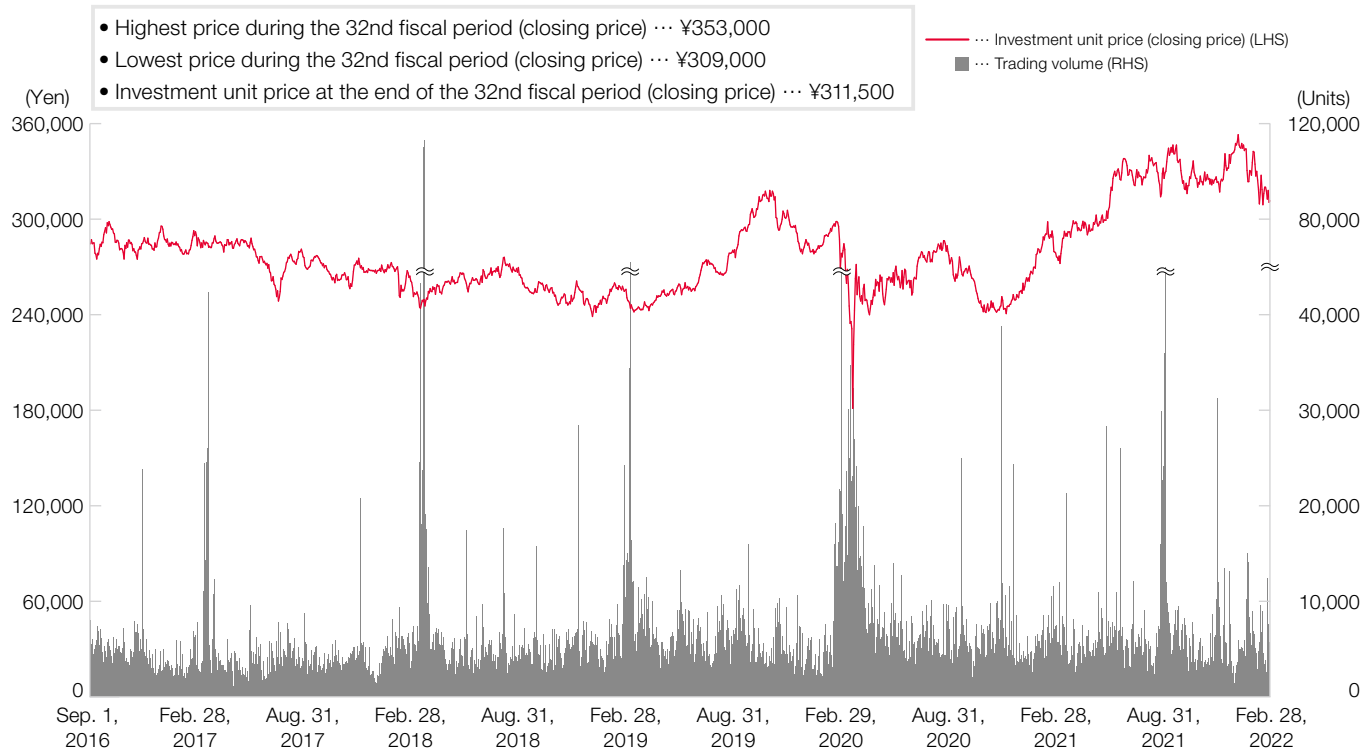
Ernst & Young ShinNihon LLC
Tokyo, Japan

May 24, 2022

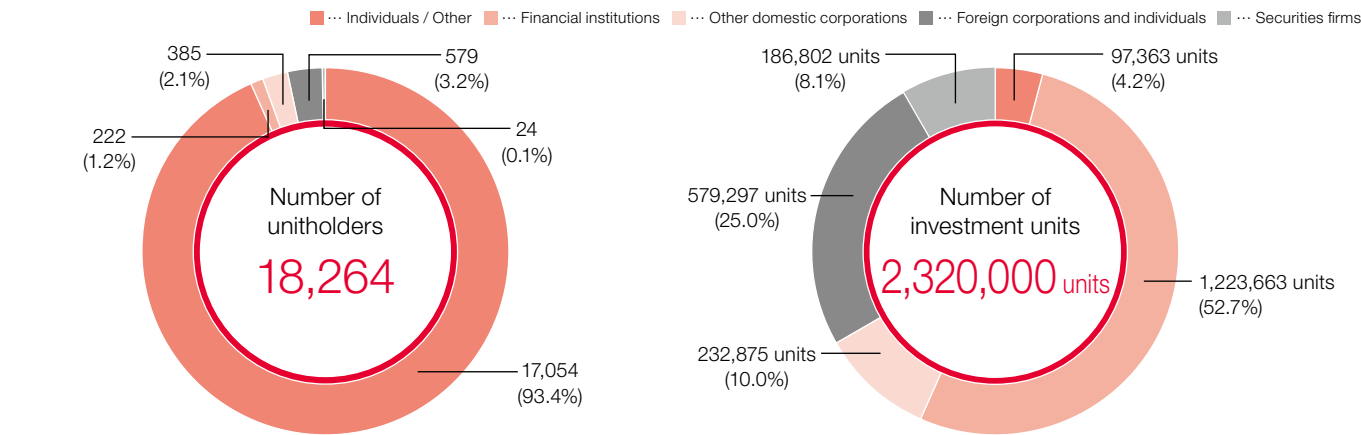
Shuji Kaneko
Designated Engagement Partner
Certified Public Accountant

Sei Eshita
Designated Engagement Partner
Certified Public Accountant

Investment Unit Price



Unitholders Data (as of February 28, 2022)



(Note) Ratios in parentheses are rounded to the nearest tenth.

Outline of the Asset Manager

Corporate Name : Daiwa House Asset Management Co., Ltd.

Location : 7th Floor, Nissei Nagatacho Building, 2-4-8, Nagatacho, Chiyoda-ku, Tokyo 100-0014

Established : September 1, 2004

Paid-in Capital : ¥300 million

Shareholder : Daiwa House Industry Co., Ltd. (100%)

Procedures for Changes of Address, etc.

Please submit changes of address, name, etc., to your securities company, etc. For procedures regarding investment units registered in special accounts, please contact: Stock Transfer Agency Business Planning Dept. of Sumitomo Mitsui Trust Bank, Limited.

Receipt of Distributions

You can receive distributions when you bring your receipt for distributions to the local office of the Japan Post Bank in Japan or to a post office (bank agent). If the period for receiving distributions has elapsed, please contact the transfer agent Sumitomo Mitsui Trust Bank, Limited.

If you would like to specify an account to which future distributions will be transferred, please follow the procedures of your securities company, etc.

We will not pay and have no obligation to pay cash distributions not claimed within three years of the distribution date, as stipulated in our Articles of Incorporation. Please receive your distributions as soon as possible.

Distribution Statement

The “Distribution Statement” delivered upon payment of distributions includes the “Payment Notice,” referred to in the provisions of the Act on Special Measures Concerning Taxation. This document may be used as a document when declaring income for tax purposes. However, for unitholders who have selected the system of dividend allotment to securities company accounts in proportion to the number of shares held, the amount of withholding tax will be calculated by your securities company, etc. For supporting documents when declaring income for tax purposes, please confirm with your securities company, etc. Furthermore, unitholders who receive distributions by way of a receipt for distributions also receive a “Distribution Statement” enclosed with it.

Outline of the Social Security and Tax Number System Nicknamed “My Number System” with Regard to Investment Units

Residents in Japan are notified of their Social Security and Tax Number (nicknamed “My Number”) by their city, town or village. My Number is required when performing tax-related procedures with regard to investment units.

Use of the My Number for Investment Unit Related Business

As stipulated by laws and regulations, it is now required to state the My Number of the unitholder on payment records that are submitted to the tax office. Unitholders are therefore requested to submit their My Number to their securities company, etc.

[Contact address for inquiries on submitting My Number]

■ Unitholders whose investment units are managed by a securities account ➡ Please direct your inquiries to your securities company, etc.

■ Unitholders not conducting transactions via a securities company ➡ Please call the following toll-free phone number.

Stock Transfer Agency Business Planning Dept. of Sumitomo Mitsui Trust Bank, Limited TEL: 0120-782-031

Note for Unitholders

Account closing date	Last day of February and August of each year
Date for determining distribution payments	Last day of February and August of each year (Distributions are to be paid within three months of each date.)
Unitholders' Meeting	To be held at least once every two years
Date for finalizing general meeting voting rights	Date set forth in Section 16.1 in the Articles of Incorporation by DHR
Listing	REIT section of the Tokyo Stock Exchange (Securities code: 8984)
Public notices	The “Nikkei” newspaper (<i>Nihon Keizai Shimbun</i>)
Transfer agent	4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-8233, JAPAN Sumitomo Mitsui Trust Bank, Limited
Inquiries	8-4, Izumi 2-chome, Suginami-ku, Tokyo 168-0063, JAPAN Stock Transfer Agency Business Planning Dept. of Sumitomo Mitsui Trust Bank, Limited TEL: 0120-782-031 (toll-free, available within Japan only) Weekdays 9 a.m. to 5 p.m.