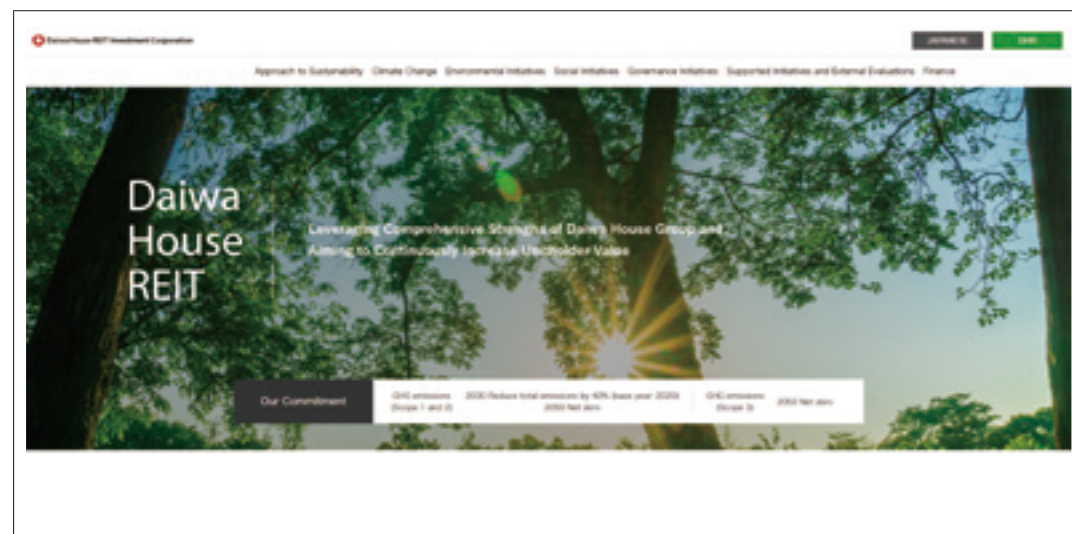


ESG Website

ESG-related information is posted on the website to provide an opportunity for unitholders and other stakeholders to learn more about the various ESG initiatives and approaches implemented by DHR and the Asset Manager thus far.



■ Please visit our ESG website at the following URL or by using the QR code.
<https://www.daiwahouse-reit.co.jp/en/sustainability/>



 **Daiwa House REIT Investment Corporation**

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



For the 34th Fiscal Period Semi-Annual Report

From September 1, 2022 to February 28, 2023

 **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 34th Fiscal Period Ended February 28, 2023

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 34th fiscal period ended February 28, 2023.

Regarding financial results for the current fiscal period, we achieved a high level of occupancy in our portfolio and continued success at maintaining stable rental revenues. As a result, DHR posted operating revenues of ¥29,489 million, operating income of ¥12,740 million, and net income of ¥11,123 million. The total amount of distributions was ¥13,105 million (¥5,649 per unit). Our occupancy rate at the end of the current fiscal period was 99.7%.

An economic recovery is expected due to restrictions on socioeconomic activities caused by the spread of COVID-19 being relaxed. On the other hand, close attention needs to be paid to the impact on the domestic financial markets from the full-fledged interest rate hikes being implemented by central banks around the world, the risk of a global economic downturn, and higher resource prices.

In the real estate trading market, while the trend of holding off on real estate investment spread due to rising interest rates, the appetite for property acquisition is firm overall among domestic and foreign real-estate investors with regard to prime logistics properties and residential properties, and expected yields on prime properties are trending at low levels. Furthermore, we believe that acquisition and disposition of hotels, etc. will increase in activity in anticipation of the recovery of visitors to Japan in the future.

Under such circumstances, DHR acquired one hotel (acquisition price of approximately ¥3.1 billion) and disposed of one residential property (disposition price of approximately ¥1.0 billion) in March 2023, which falls in the following fiscal period. DHR will work to continuously improve unitholder value, with strategic implementation of the external growth and property replacement that capitalizes on our strength as a diversified REIT.

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, 2023

Distributions

Distributions per Unit^(Note 1)

34th Fiscal Period

¥5,649

(From September 1, 2022 to February 28, 2023)
*Distribution payments start date is May 15, 2023.

Forecast Distributions per Unit^(Note 2)

35th period

¥5,600

(From March 1, 2023 to August 31, 2023)

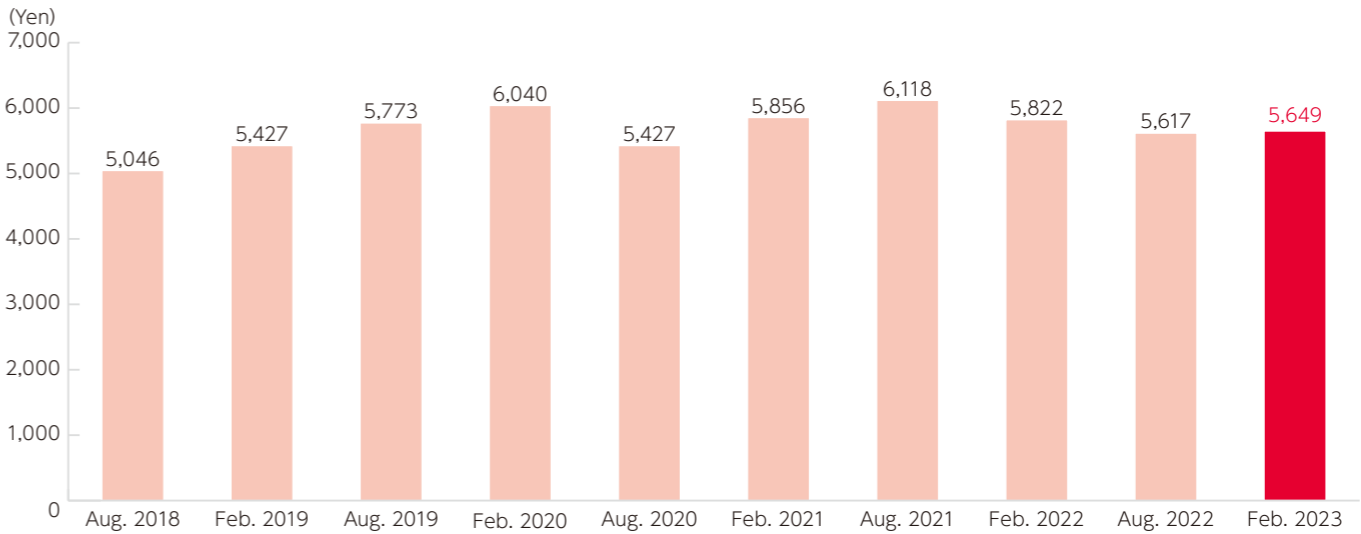
36th period

¥5,600

(From September 1, 2023 to February 29, 2024)

(Note 1) Distributions per unit for the fiscal period ended February 28, 2023 include distributions in excess of earnings of ¥795 (which do not apply to return of capital).
(Note 2) Forecast distributions per unit are as of April 18, 2023, and actual distributions per unit may vary from the forecast. Furthermore, these forecasts do not guarantee the amount of distributions.
In addition, forecast distributions per unit include distributions in excess of earnings, and we forecast distributions in excess of earnings per unit of ¥802 (which do not apply to return of capital) for the fiscal period ending August 31, 2023 and ¥850 (including return of capital of ¥41) for the fiscal period ending February 29, 2024.

Distributions per Unit



Operating Results

	Fiscal period ended August 31, 2022	Fiscal period ended February 28, 2023
Operating revenues	¥29,368 million	¥29,489 million
Operating income	¥12,661 million	¥12,740 million
Net income	¥11,049 million	¥11,123 million

Asset size

(acquisition price basis)

¥895.1 billion

Period-end occupancy rate

99.7%

LTV

(excluding goodwill)

44.9%

Credit rating

**JCR: AA (Stable)
R&I : AA-(Stable)**

Portfolio Highlights

Summary

(As of March 31, 2023)

Number of properties

230 properties

Asset size (acquisition price basis)

¥897.5 billion

Logistics

66 properties ¥470.1 billion

Residential

129 properties ¥240.3 billion

Retail

23 properties ¥123.2 billion

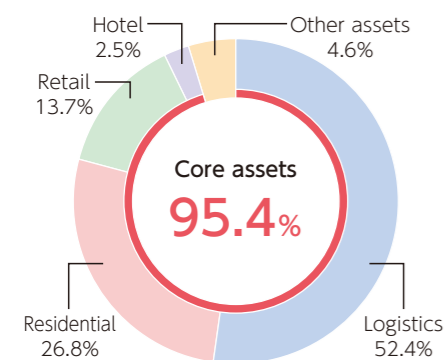
Hotel

6 properties ¥22.2 billion

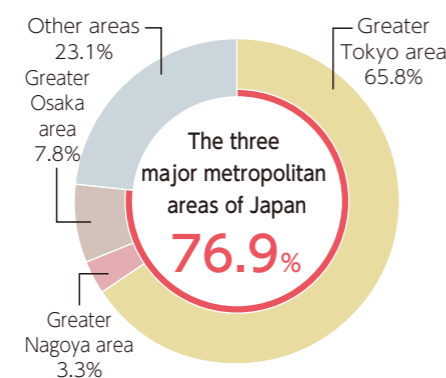
Other assets

6 properties ¥41.6 billion

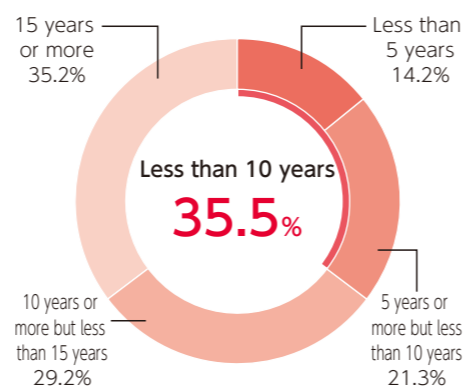
By asset class



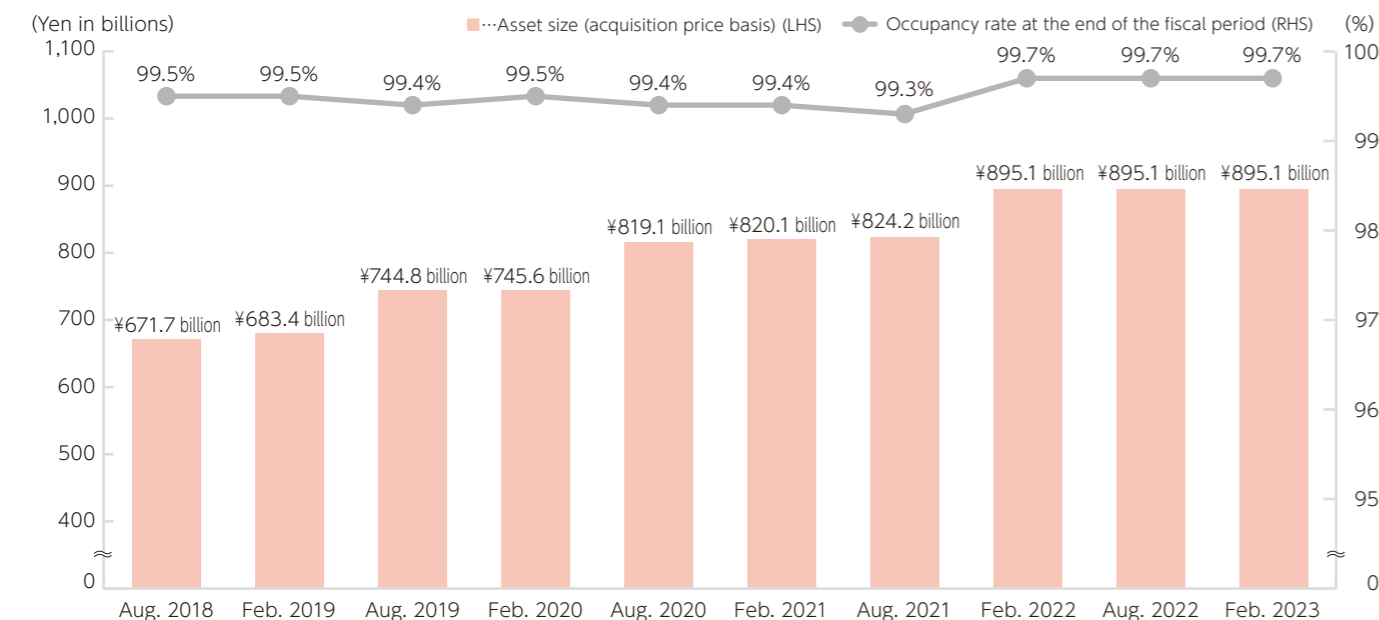
By area



By property age



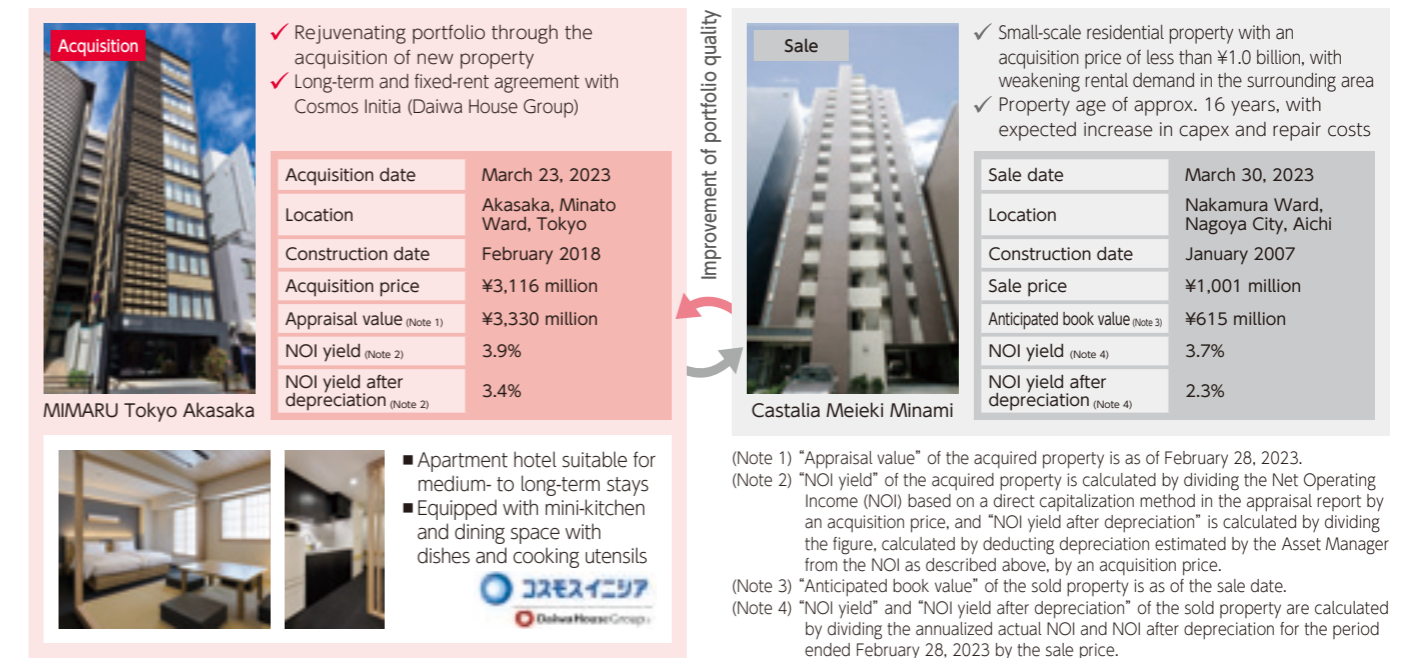
Trends of Asset Size (Acquisition Price Basis) and Occupancy Rate at the End of the Fiscal Period



Initiatives to Pursue Growth

Property Replacement (March 2023)

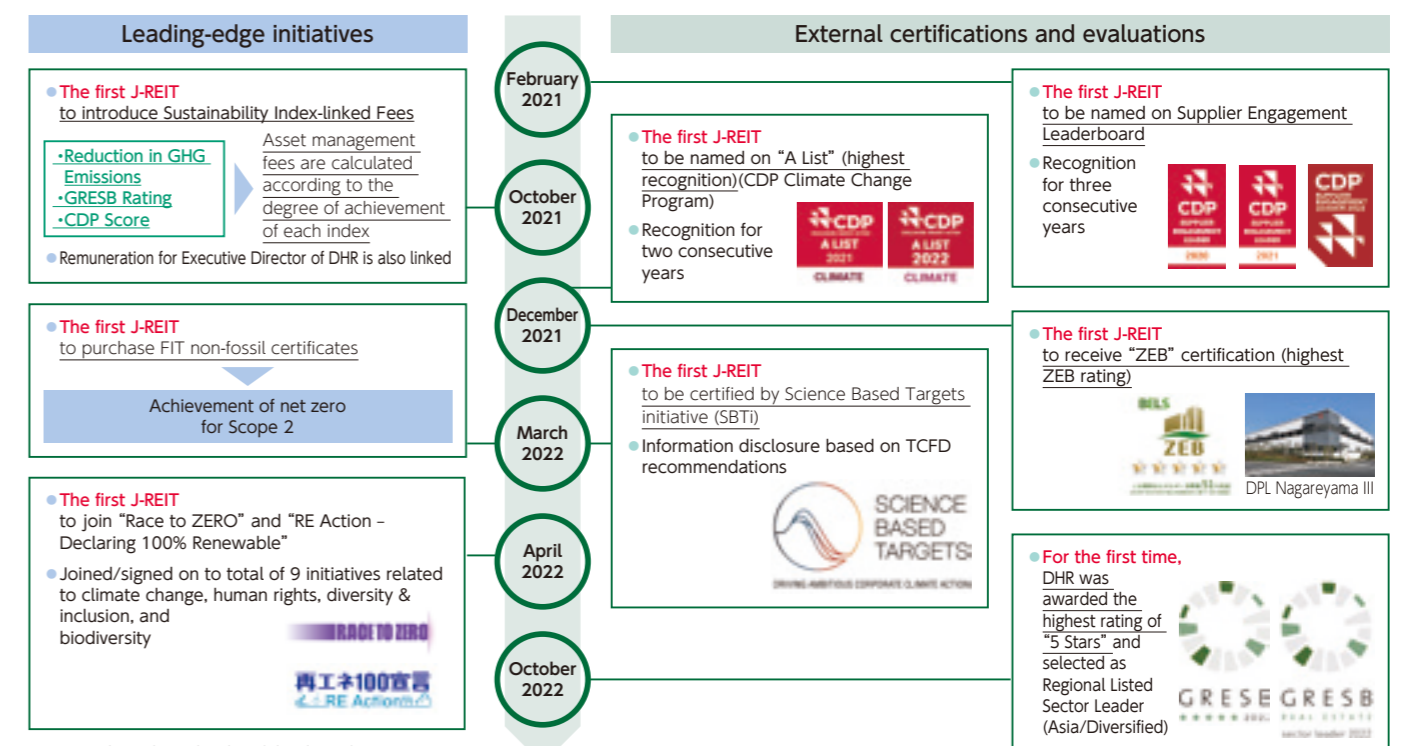
- Utilizing sponsor support, acquired a hotel in Akasaka, a prime location in Minato Ward
- Recording gain of ¥349 million on the sale of a small-scale residential property in Nagoya City



ESG Initiatives

Leading-edge ESG Initiatives

- Obtained external certifications and evaluations as the first J-REIT, and engaged in leading-edge ESG initiatives



(Note) In chronological order of the date of announcements

ESG Initiatives

Initiatives Looking Ahead of ESG Trend (1)

- Obtained an external evaluation regarding human capital, a new ESG theme, in addition to major domestic and foreign external evaluations



CDP Climate Change Program

- Evaluation of initiatives and information disclosure on climate change issues (Evaluation by CDP which runs the world's environmental disclosure system)
- Awarded the highest score of "A" and certified as a Climate Change "A List" company for two consecutive years (2022 CDP Climate Change Program)
- Named as the only J-REIT to the "Supplier Engagement Leaderboard," the highest rating, for three consecutive years (2022 CDP Supplier Engagement Rating)



ESG Finance Awards Japan

- Evaluation of information disclosure on environmental issues (Established by the Ministry of the Environment to promote ESG finance)
- Became the first J-REIT awarded as an "Environmentally Sustainable Company" meeting certain standards in terms of disclosure quality



Certified Health & Productivity Management Outstanding Organization Recognition Program (Asset Manager)

- Certification program of corporations that practice excellent health and productivity management (Promoted by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi)
- Certified as one of the "Bright 500," the top 500 corporations in the "2023 Health & Productivity Management Outstanding Organizations (SME category)"


Initiatives Looking Ahead of ESG Trend (2)

- Expanded the theme from climate change to natural resources and responded proactively

Joining the biodiversity initiatives as the first asset manager of J-REIT


Japan Business Initiative for Biodiversity (JBIB)

- JBIB is a group of Japanese corporations actively working to conserve biodiversity, and aims to contribute to the conservation of biodiversity in Japan and abroad by promoting joint research among various corporations to produce results that cannot be achieved by a single corporation



30 by 30 Alliance for Biodiversity



- 30 by 30 is an initiative to halt the loss of biodiversity and put it on a recovery track (nature positive) by 2030. The goal is to effectively conserve at least 30% of land and sea as healthy ecosystems by 2030
- 30 by 30 Alliance for Biodiversity is a coalition of volunteers to promote efforts to achieve this goal



Biodiversity certification obtained for properties owned by DHR

JHEP



- JHEP is the only certification system in Japan to objectively and quantitatively evaluate and certify the degree of contribution to biodiversity conservation
- Royal Parks Toyosu obtained an "A" rating for "conserving biodiversity through abundant planting" and "forming a network connecting greenery in urban areas"



Royal Parks Toyosu

ABINC

- ABINC is a certification system to evaluate and certify biodiversity-friendly initiatives based on the "Promotion Guidelines for ABINC" developed by JBIB
- Royal Parks Hanakoganei was highly evaluated for "maintaining a diverse environment with a set of trees, grassland and waterfront areas, and relatively large trees" and "making consideration to rainwater cycle by placing a rain garden"

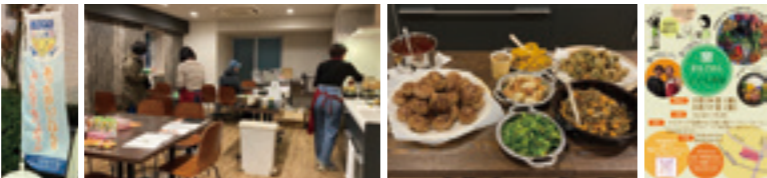


Royal Parks Hanakoganei

Initiatives Aimed at Social Contributions

Providing a place to hold a children's cafeteria (Castalia Meguro Kamurozaka)

- To make effective use of the space (about 65 m²) renovated from a meeting room to a party room, we consulted with Shinagawa Ward Council of Social Welfare and started providing the place to hold a children's cafeteria in December 2022
- The children's cafeteria is a social welfare activity that provides a warm social gathering place for the children and residents of the community, as well as inexpensive and nutritious meals
- We support local activities by acting as a bridge between local children and residents, and organizers of the children's cafeteria



I. Asset Management Report

1. Summary of Asset Management

(1) Historical Operating Results

		30th period February 2021	31st period August 2021	32nd period February 2022	33rd period August 2022	34th period February 2023
Operating revenues (Note 1)	Yen in millions	28,097	29,571	30,264	29,368	29,489
Of which, real estate rental revenues	Yen in millions	27,260	27,362	28,928	29,368	29,489
Operating expenses	Yen in millions	15,525	16,455	16,854	16,707	16,748
Of which, real estate rental expenses	Yen in millions	11,179	12,081	12,431	12,183	12,283
Operating income	Yen in millions	12,571	13,116	13,409	12,661	12,740
Ordinary income	Yen in millions	11,099	11,619	11,685	11,050	11,124
Net income	Yen in millions	11,098	11,619	11,685	11,049	11,123
Total assets	Yen in millions	901,386	900,310	964,669	963,566	960,621
Period-on-period changes	%	0.2	(0.1)	7.1	(0.1)	(0.3)
Net assets	Yen in millions	490,586	489,467	524,178	521,820	520,049
Period-on-period changes	%	(0.1)	(0.2)	7.1	(0.4)	(0.3)
Unitholders' capital	Yen in millions	231,766	231,766	268,042	268,042	268,042
Total number of investment units issued	Units	2,196,000	2,196,000	2,320,000	2,320,000	2,320,000
Net assets per unit	Yen	223,400	222,890	225,938	224,922	224,159
Total distributions	Yen in millions	12,859	13,435	13,507	13,031	13,105
Distributions per unit	Yen	5,856	6,118	5,822	5,617	5,649
Of which, earnings distributions per unit	Yen	5,101	5,347	5,116	4,805	4,854
Of which, distributions in excess of earnings per unit	Yen	755	771	706	812	795
Ordinary income to total assets ratio (Note 2)	%	1.2	1.3	1.3	1.1	1.2
Annualized	%	2.5	2.6	2.5	2.3	2.3
Return on equity (Note 3)	%	2.3	2.4	2.3	2.1	2.1
Annualized	%	4.6	4.7	4.6	4.2	4.3
Equity ratio	%	54.4	54.4	54.3	54.2	54.1
Period-on-period changes		(0.2)	(0.1)	(0.0)	(0.2)	(0.0)
Payout ratio	%	100.9	101.1	101.5	100.9	101.3
<Other Reference Information>						
Rental NOI (Note 4)	Yen in millions	21,352	20,552	22,122	22,839	22,831
FFO per unit (Note 5)	Yen	7,982	7,594	7,746	8,061	8,081
FFO multiple (Note 6)	Times	17.4	21.6	19.9	20.1	17.3
Debt service coverage ratio (Note 7)	Times	16.6	16.8	16.6	15.6	15.5
Interest-bearing debt	Yen in millions	378,558	378,558	407,550	407,550	407,550
Interest-bearing debt to total assets ratio (Note 8)	%	42.0	42.0	42.2	42.3	42.4

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

In terms of performance of assets held in the current fiscal period, the occupancy rate at the end of period was 99.7%, as we continued to maintain stable rental revenues. As a result, operating revenues totaled ¥29,489 million, exceeding our forecasts of operating results disclosed in our financial results for the fiscal period ended August 31, 2022 (referred to below as “Forecasts of operating results” in “B. Performance for the Current Fiscal Period”) by ¥236 million.

In terms of rental expenses, we carried out some renovations, etc., which were planned for the next fiscal period onward, ahead of schedule from the perspective of reducing our future burden, but due to the improvement of occupancy rates, primarily at DHR’s residential properties, operating income totaled ¥12,740 million, exceeding our forecasts of operating results by ¥106 million, and net income totaled ¥11,123 million, exceeding our forecasts of operating results by ¥113 million.

iii) Overview of Financing

DHR 1) arranged refinancing of ¥1,000 million to provide for the repayment of ¥1,000 million in existing loans due on September 9, 2022; 2) arranged refinancing of ¥4,000 million to provide for the repayment of ¥4,000 million in existing loans due on September 28, 2022; 3) arranged refinancing of ¥3,000 million to provide for the repayment of ¥3,000 million in existing loans due on October 3, 2022; 4) issued its 19th Unsecured Investment Corporation Bonds of ¥2,000 million on December 19, 2022 and arranged refinancing of ¥8,500 million on December 28, 2022 to provide for the repayment of ¥10,500 million in existing loans due on December 28, 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: ¥363,550 million, investment corporation bond balance: ¥44,000 million), the same amount as in the previous fiscal period. As of the end of the current fiscal period, its LTV (including goodwill)^(Note 1) was 42.4%, 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 ¥1,065,580 million, and the amount of unrealized gain^(Note) on the portfolio, which is the difference compared to the book value, was ¥219,035 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) as of the last day of each fiscal period. (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 ¥29,489 million, operating income of ¥12,740 million, ordinary income of ¥11,124 million, and net income of ¥11,123 million. Based on its distribution policy, ¥1,982 million in amortization of goodwill was added to net income, resulting in ¥13,106 million. From this amount, the total distributions was ¥13,105 million (¥5,649 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 ¥11,261 million (¥4,854 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 Trust Act”) as earnings distributions and an allowance for temporary difference adjustments of ¥1,844 million (¥795 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, 2023 are as follows:

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

(Notes) 1. 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.

2. 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.

3. 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.

4. 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.

5. 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.

6. 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.

7. 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.

8. 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 Trust 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 Trust 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 Market of Tokyo Stock Exchange, on which DHR’s investment securities are listed, by period are as follows:

	30th period	31st period	32nd period	33rd period	34th period
Fiscal period ended	February 2021	August 2021	February 2022	August 2022	February 2023
Highest	¥298,300	¥340,000	¥353,000	¥335,500	¥323,500
Lowest	¥240,600	¥272,100	¥309,000	¥290,000	¥272,400
Beginning of period	¥271,900	¥279,300	¥329,000	¥315,000	¥318,500
End of period	¥279,600	¥325,500	¥311,500	¥322,000	¥281,100

(4) Distributions

For the current fiscal period, of the total amount of ¥13,106,072,718 when combining net income of ¥11,123,846,132 and amortization of goodwill of ¥1,982,226,586, DHR decided to pay a total of ¥13,105,680,000 in distributions, for distributions per unit of ¥5,649, 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 ¥11,261,280,000 as earnings distributions (¥4,854 per unit) and ¥1,844,400,000 in allowance for temporary difference adjustments as distributions in excess of earnings (¥795 per unit).

	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	33rd period From March 1, 2022 to August 31, 2022	34th period From September 1, 2022 to February 28, 2023
Unappropriated retained earnings (Yen in thousands)	11,877,987	12,295,795	12,238,902	11,419,562	11,395,808
Retained earnings carried forward (Note) (Yen in thousands)	676,191	553,783	369,782	271,962	134,528
Total distributions (Yen in thousands)	12,859,776	13,435,128	13,507,040	13,031,440	13,105,680
Distributions per unit (Yen)	5,856	6,118	5,822	5,617	5,649
Of the above, total earnings distributions (Yen in thousands)	11,201,796	11,742,012	11,869,120	11,147,600	11,261,280
Earnings distributions per unit (Yen)	5,101	5,347	5,116	4,805	4,854
Of the above, total capital refunds (Yen in thousands)	1,657,980	1,693,116	1,637,920	1,883,840	1,844,400
Capital refunds per unit (Yen)	755	771	706	812	795
Of total capital refunds, total distributions deemed as distributions from the allowance for temporary difference adjustments (Yen in thousands)	1,657,980	1,693,116	1,637,920	1,839,760	1,844,400
Of capital refunds per unit, distributions deemed as distributions from the allowance for temporary difference adjustments per unit (Yen)	755	771	706	793	795
Of total capital refunds, total distributions deemed as distributions from capital refunds for tax purposes	—	—	—	44,080	—
Of capital refunds per unit, distributions deemed as distributions from capital refunds for tax purposes per unit	—	—	—	19	—

(Note) Retained earnings carried forward 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, amid expectations for the Japanese economic recovery due to restrictions on socioeconomic activities caused by the spread of COVID-19 being relaxed, the real GDP growth rate (the 2nd preliminary) was 0.0% from October to December 2022 compared with the previous quarter (0.1% annualized). Meanwhile, we must be aware of the future impact on economic activities of factors including the impact of the world's central banks going into full swing with regard to raising interest rates, the risk of downward pressure on the economy because of a downturn in overseas economies, and surging resource prices.

In the J-REIT market, the Tokyo Stock Exchange REIT Index was 1,843 points at the end of February 2023. While the overall Japanese financial market has settled, given globally rising interest rates due to successive cases of monetary tightening, primarily in the U.S., we must be aware of the impact of fluctuations in the financial and capital markets.

In the real estate trading market, while the trend of holding off on real estate investment spread due to rising interest rates, and investment amounts decreased globally from October to December 2022, the appetite for property acquisition remains firm overall among domestic and foreign real-estate investors with regard to prime logistics properties and residential properties, and expected yields on prime properties are trending at low levels. Furthermore, we believe that acquisition and disposition of hotels, etc. will increase in activity in anticipation of the recovery of visitors to Japan in the future.

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 FY2030 and FY2050 and, in February and August 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

A. Acquisition of Assets

DHR acquired the following property:

Asset name	MIMARU Tokyo Akasaka
Asset type	Trust beneficiary interests in real estate
Asset class	Hotel properties
Acquisition price (Note 1)	¥3,116,000 thousand
Seller (Note 2)	Fuyo General Lease Co., Ltd.
Date of acquisition	March 23, 2023

(Notes) 1. This figure does not include expenses pertaining to acquisitions, settlement money such as taxes and public dues, consumption taxes, etc.
2. The seller falls neither under the category of a party having a special interest relationship with DHR or the Asset Manager, nor under the category of a related party of DHR or the Asset Manager.

B. Disposition of Assets

DHR disposed of the following property:

Asset name	Castalia Meieki Minami
Asset type	Trust beneficiary interests in real estate
Asset class	Residential properties
Disposition price (Note 1)	¥1,001,000 thousand
Buyer (Note 2)	A.D. Works Co., Ltd.
Date of disposition	March 30, 2023

(Notes) 1. This figure does not include expenses pertaining to dispositions, settlement money such as taxes and public dues, consumption taxes, etc.
2. The buyer falls neither under the category of a party having a special interest relationship with DHR or the Asset Manager, nor under the category of a related party of DHR or the Asset Manager.

C. Debt Financing

DHR conducted debt financing for the funds for the repayments of ¥2,000 million in long-term loans due on March 27, 2023 and a total of ¥11,400 million in long-term loans due on March 31, 2023, as follows:

Lender	Borrowing amount (Yen in millions)	Interest rate	Borrowing date	Repayment date	Method of repayment	Collateral
Sumitomo Mitsui Trust Bank, Limited	2,000	0.79789% (Fixed interest rate)	March 27, 2023	March 29, 2030	Bullet repayment	Unsecured and non-guaranteed
Sumitomo Mitsui Banking Corporation MUFG Bank, Ltd. Sumitomo Mitsui Trust Bank, Limited Mizuho Bank, Ltd. Aozora Bank, Ltd. Resona Bank, Limited SBI Shinsei Bank, Limited	10,400	0.98563% (Fixed interest rate)	March 31, 2023	September 30, 2031	Bullet repayment	Unsecured and non-guaranteed
Mitsui Sumitomo Insurance Company, Limited	1,000	0.62313% (Fixed interest rate)	March 31, 2023	September 29, 2028	Bullet repayment	Unsecured and non-guaranteed

2. Overview of the Investment Corporation

(1) Status of Investment Units

	30th period As of February 28, 2021	31st period As of August 31, 2021	32nd period As of February 28, 2022	33rd period As of August 31, 2022	34th period As of February 28, 2023
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	2,196,000	2,196,000	2,320,000	2,320,000	2,320,000
Unitholders' capital (Yen in thousands)	231,766,153	231,766,153	268,042,601	268,042,601	268,042,601
Number of unitholders	19,059	17,839	18,264	17,915	17,591

(2) Matters concerning Investment Units

The major unitholders as of February 28, 2023 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)	520,267	22.4
The Master Trust Bank of Japan, Ltd. (Trust account)	367,129	15.8
Daiwa House Industry Co., Ltd.	191,200	8.2
The Nomura Trust and Banking Co., Ltd. (Investment trust account)	98,814	4.3
SMBC Nikko Securities Inc.	54,546	2.4
State Street Bank West Client - Treaty 505234	45,081	1.9
SSBTC CLIENT OMNIBUS ACCOUNT	40,797	1.8
JAPAN SECURITIES FINANCE CO., LTD.	29,551	1.3
State Street Bank and Trust Company 505103	27,308	1.2
Mizuho Securities Co., Ltd.	26,373	1.1
Total	1,401,066	60.4

(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 34th period (Yen in thousands)
Executive Director	Toshiharu Asada	–	2,460
	Hiroshi Ishikawa	Attorney, Ohhara Law Office Outside Director, Japan Medical Dynamic Marketing, INC.	2,100
Supervisory Directors	Junko Kogayu	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 Outside Director and Audit & Supervisory Committee Member, CERES INC. Outside Audit & Supervisory Board Member, Private Finance Initiative Promotion Corporation of Japan Outside Audit & Supervisory Board Member, The Shoko Chukin Bank, Ltd.	2,100
Accounting Auditor	Ernst & Young ShinNihon LLC	–	19,500

(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. Dismissal or non-reappointment of the Accounting Auditor shall be discussed at DHR's board of directors pursuant to the provisions of the Investment Trust Act for dismissal, taking into full account all relevant factors for non-reappointment such as the quality of audits and remuneration for audits.
3. ¥2,000 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, Resona Bank, Limited

▶ 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)	33rd period August 31, 2022		34th period February 28, 2023		
			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	Three major metropolitan areas of Japan	Greater Tokyo area	23,412	2.4	23,329	2.4
			Greater Nagoya area	886	0.1	881	0.1
			Greater Osaka area	13,077	1.4	13,077	1.4
		Other	3,296	0.3	3,273	0.3	
	Retail properties	Other	1,471	0.2	1,471	0.2	
	Subtotal		42,144	4.4	42,032	4.4	
Trust beneficiary interests in real estate	Logistics properties	Three major metropolitan areas of Japan	Greater Tokyo area	330,108	34.3	328,618	34.2
			Greater Nagoya area	15,283	1.6	15,187	1.6
			Greater Osaka area	22,097	2.3	21,944	2.3
		Other	85,626	8.9	84,969	8.8	
	Residential properties	Three major metropolitan areas of Japan	Greater Tokyo area	163,696	17.0	162,767	16.9
			Greater Nagoya area	5,684	0.6	5,655	0.6
			Greater Osaka area	5,910	0.6	5,883	0.6
		Other	1,094	0.1	1,079	0.1	
	Retail properties	Three major metropolitan areas of Japan	Greater Tokyo area	31,838	3.3	31,748	3.3
			Greater Nagoya area	2,390	0.2	2,390	0.2
			Greater Osaka area	22,817	2.4	22,693	2.4
		Other	62,275	6.5	62,105	6.5	
	Hotel properties	Three major metropolitan areas of Japan	Greater Tokyo area	4,646	0.5	4,630	0.5
			Greater Nagoya area	5,381	0.6	5,344	0.6
			Greater Osaka area	1,415	0.1	1,406	0.1
		Other	8,104	0.8	8,047	0.8	
	Other assets	Three major metropolitan areas of Japan	Greater Tokyo area	3,165	0.3	3,147	0.3
		Other	37,134	3.9	36,896	3.8	
	Subtotal		808,671	83.9	804,515	83.7	
	Deposits and other assets		112,750	11.7	114,072	11.9	
	Total assets		963,566	100.0	960,621	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, 2022 and February 28, 2023), 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. “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 same shall apply hereinafter.

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, 2023 (top ten properties in terms of book value at the end of 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	33,680	138,900.39	138,900.39	100.0	3.7	Retail
DPL Nagareyama I	31,929	124,489.93	124,489.93	100.0	(Note 6)	Logistics
DPL Nagareyama III	31,709	106,859.16	106,859.16	100.0	(Note 6)	Logistics
GRANODE Hiroshima	28,130	29,915.08	29,772.47	99.5	3.4	Other assets
D Project Urayasu II	25,170	72,320.01	72,320.01	100.0	(Note 6)	Logistics
DPL Misato	16,182	55,864.47	55,864.47	100.0	(Note 6)	Logistics
D Project Hiratsuka	15,049	65,272.52	65,272.52	100.0	(Note 6)	Logistics
D Project Hachioji	14,641	62,394.17	62,394.17	100.0	(Note 6)	Logistics
DPL Fukuoka Kasuya	12,660	73,754.20	73,754.20	100.0	(Note 6)	Logistics
D Project Itabashi Shingashi	12,261	33,763.46	33,763.46	100.0	(Note 6)	Logistics
Total	221,414	763,533.39	763,390.78	100.0	23.0	—

(Notes) 1. "Book value" is the amount recorded on the balance sheets as of February 28, 2023 (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, 2023. 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, 2023. 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, 2023 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, 2023, 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, 2023 (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	11,100	9,098
	D Project Hachioji	3-21-1, Minami-Osawa, Hachioji City, Tokyo	Real estate in trust	62,394.17	18,700	14,641
	D Project Aikawa-Machi	4020-12, Aza Sakuradai, Nakatsu, Aikawa-machi, Aiko District, Kanagawa	Real estate in trust	14,240.84	4,730	3,611
	D Project Urayasu I	12-1, Chidori, Urayasu City, Chiba	Real estate in trust	36,515.81	10,600	9,113
	D Project Urayasu II	11-5, Chidori, Urayasu City, Chiba	Real estate in trust	72,320.01	29,600	25,170
	D Project Akanehama	3-2-8, Akanehama, Narashino City, Chiba	Real estate in trust	11,663.39	3,280	2,919
	D Project Noda	1-1, Aza Tamei, Futatsuka, Noda City, Chiba	Real estate in trust	29,232.53	7,210	6,013
	D Project Inuyama	5-5, Aza Takanebora, Inuyama City, Aichi	Real estate in trust	54,197.80	12,800	10,091
	D Project Neyagawa	2-24-12, Shimeno, Neyagawa City, Osaka	Real estate in trust	11,151.51	7,080	5,664
	D Project Morioka	3-18, Ogama-kazabayashi, Takizawa City, Iwate	Real estate in trust	9,558.32	1,200	1,168
	D Project Tsuchiura	20-29, Aza Harayama, Hongo, Tsuchiura City, Ibaraki	Real estate in trust	17,448.86	3,840	3,082
	D Project Fukuoka Umi	384-15, Aza Noguchi, Oaza Ino, Umi-machi, Kasuya District, Fukuoka	Real estate in trust	24,729.56	5,420	3,984
	D Project Tosu	1624, Aza Hasuhara, Himekata-machi, Tosu City, Saga	Real estate in trust	17,858.01	6,740	5,164
	D Project Kuki I	6004-2, Aza Taikoda, Shobu-cho Shobu, Kuki City, Saitama	Real estate in trust	22,708.72	4,890	3,641
	D Project Kuki II	6201-1, Aza Kazarimen, Shobu-cho Sanga, Kuki City, Saitama	Real estate in trust	50,490.00	9,900	7,426
	D Project Kawagoe I	3-2-3, Yoshinodai, Kawagoe City, Saitama	Real estate in trust	16,150.88	4,320	3,319
	D Project Kawagoe II	3-2-4, Yoshinodai, Kawagoe City, Saitama	Real estate in trust	19,872.00	6,010	4,569
	DPL Inuyama	1-8, Aza Nakahiratsuka, Oaza Haguroshinden, Inuyama City, Aichi	Real estate in trust	21,628.50	4,620	3,655

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	5,070	4,071
	D Project Kuki III	6004-1, Aza Taikoda, Shobu-cho Shobu, Kuki City, Saitama	Real estate in trust	26,937.41	9,270	7,075
	D Project Kuki IV	6201-5, Aza Kazarimen, Shobu-cho Sanga, Kuki City, Saitama	Real estate in trust	26,460.00	6,720	5,093
	D Project Kuki V	6201-6, Aza Kazarimen, Shobu-cho Sanga, Kuki City, Saitama	Real estate in trust	47,320.89	11,800	7,685
	D Project Kuki VI	48-3, Kiyoku-cho, Kuki City, Saitama	Real estate in trust	29,244.66	6,240	4,714
	D Project Yashio	50-1, Oaza Shin-machi, Yashio City, Saitama	Real estate in trust	21,965.04	7,220	6,173
	D Project Nishiyodogawa	2-7-48, Nakashima, Nishiyodogawa Ward, Osaka City, Osaka	Real estate in trust	39,584.80	12,400	9,508
	D Project Matsudo	700-3, Aza Nishinooda, Kamihongo, Matsudo City, Chiba	Real estate in trust	26,776.67	8,480	6,973
	D Project Hibiki Nada	3-1-5, Hibiki-machi, Wakamatsu Ward, Kitakyushu City, Fukuoka	Real estate in trust	23,933.75	2,290	1,898
	D Project Morioka II	3-15, Ogama-kazabayashi, Takizawa City, Iwate	Real estate in trust	4,481.00	1,320	1,180
	D Project Kawagoe III	2-8-55, Yoshinodai, Kawagoe City, Saitama	Real estate in trust	39,572.32	8,800	6,769
	D Project Kazo	2-16-1, Okuwa, Kazo City, Saitama	Real estate in trust	18,437.60	4,000	3,128
	D Project Urayasu III	12-1, Chidori, Urayasu City, Chiba	Real estate in trust	39,441.32	10,200	8,391
	D Project Tomisato	7-2, Misawa, Tomisato City, Chiba	Real estate in trust	36,113.25	5,870	4,594
	D Project Kyotanabe	3-50-1, Kannabidai, Kyotanabe City, Kyoto	Real estate in trust	10,965.68	4,150	3,331
	D Project Sendai Izumi	2-9-1, Akedori, Izumi Ward, Sendai City, Miyagi	Real estate in trust	10,764.05	1,720	1,390
	D Project Oyama	2333-34, Aza Atago, Oaza Hari, Oyama City, Tochigi	Real estate in trust	14,106.91	2,160	1,852
	D Project Sano	570-9, Nishiura-cho, Sano City, Tochigi	Real estate in trust	15,668.44	1,960	1,621
	D Project Tatebayashi	110-8, Aza Uchiya, Shimosagawada-cho, Tatebayashi City, Gunma	Real estate in trust	13,521.56	3,470	2,855
	D Project Kakegawa	653-14, Aza Oyabu, Sakagawa, Kakegawa City, Shizuoka	Real estate in trust	39,341.44	6,510	5,598
	D Project Hiroshima Seifu	2-2-1, Tomonishi, Asaminami Ward, Hiroshima City, Hiroshima	Real estate in trust	19,004.72	4,430	3,567
	D Project Tosu II	1621, Aza Hasuhara, Himekata-machi, Tosu City, Saga	Real estate in trust	13,012.50	2,090	1,554
	D Project Kawagoe IV	3-2-1, Yoshinodai, Kawagoe City, Saitama	Real estate in trust	24,684.47	6,500	5,603
	D Project Kuki VII	6004-3, Aza Taikoda, Shobu-cho Shobu, Kuki City, Saitama	Real estate in trust	3,225.46	1,280	1,011
	D Project Chibakita	461-1, Naganumacho, Inage Ward, Chiba City, Chiba	Real estate in trust	24,368.86	9,110	7,359
	D Project Matsudo II	700-1, Aza Nishinooda, Kamihongo, Matsudo City, Chiba	Real estate in trust	25,305.82	9,200	7,843
	D Project Tomisato II	1-6, Misawa, Tomisato City, Chiba	Real estate in trust	40,870.56	7,870	6,479
	D Project Osaka Hirabayashi	2-6-15, Hirabayashikita, Suminoe Ward, Osaka City, Osaka	Real estate in trust	22,485.08	4,320	3,439
	D Project Sendai Izumi II	3-1-1, Akedori, Izumi Ward, Sendai City, Miyagi	Real estate in trust	39,580.46	8,320	6,774
	D Project Kaminokawa	2568-1, Aza Minamihara, Oaza Tako, Kaminokawamachi, Kawachi District, Tochigi	Real estate in trust	52,239.75	6,410	7,434
	D Project Fuji	2261-6, Aza Shiroyama, Obuchi, Fuji City, Shizuoka	Real estate in trust	23,795.40	3,780	3,360
	D Project Tosu III	3-1-3, Yayoigaoka, Tosu City, Saga	Real estate in trust	65,215.07	10,400	8,604
	D Project Kitahachioji I	2969-2, Ishikawamachi, Hachioji City, Tokyo	Real estate in trust	16,523.82	4,790	4,191
	D Project Kitahachioji II	2969-18, Ishikawamachi, Hachioji City, Tokyo	Real estate in trust	21,402.20	6,450	5,573
	D Project Kitahachioji III	2969-19, Ishikawamachi, Hachioji City, Tokyo	Real estate in trust	26,275.05	8,330	7,132
	D Project Itabashi Shingashi	1-2-2, Shingashi, Itabashi Ward, Tokyo	Real estate in trust	33,763.46	14,300	12,261
	D Project Sagamihara	1-2-31, Miyashimo, Chuo Ward, Sagamihara City, Kanagawa	Real estate in trust	16,599.30	4,500	3,760
	D Project Kuki VIII	49-3, Kiyokucho, Kuki City, Saitama	Real estate in trust	29,410.54	6,980	5,864
	D Project Yokkaichi	1947-14, Nakamuracho, Yokkaichi City, Mie	Real estate in trust	6,185.46	1,610	1,440
	D Project Ibaraki Ishioka	6-4, Kashiwabara, Ishioka City, Ibaraki	Real estate in trust	24,493.54	4,470	3,879
	D Project Wako A	5-7-5, Niikura, Wako City, Saitama	Real estate in trust	39,258.06	11,850	10,682
	D Project Hiratsuka	439-1, Aza Kasahari, Okami, Hiratsuka City, Kanagawa	Real estate in trust	65,272.52	16,200	15,049
	DPL Misato	1-3-5, Inter-Minami, Misato City, Saitama	Real estate in trust	55,864.47	19,900	16,182
	DPL Fukuoka Kasuya	642-1, Aza Sanjyuroku, Oaza Uchihashi, Kasuyamachi, Kasuya District, Fukuoka	Real estate in trust	73,754.20	17,200	12,660
	DPL Kitakyushu	5-14, Sonekitamachi, Kokuraminami Ward, Kitakyushu City, Fukuoka	Real estate in trust	26,672.98	3,900	3,258
	DPL Nagareyama I	1374-1, Aza Taneishita, Nishifukai, Nagareyama City, Chiba	Real estate in trust	124,489.93	36,300	31,929
	DPL Shin-Narashino	1-7-1, Akanehama, Narashino City, Chiba	Real estate in trust	12,686.30	6,580	5,861
	DPL Nagareyama III	1597-1, Aza Waseda, Nishifukai, Nagareyama City, Chiba	Real estate in trust	106,859.16	35,700	31,709
Logistics properties – Subtotal				2,095,298.03	544,460	450,714

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	10,900	7,322
	Castalia Azabujuban Shichimenzaka	2-7-5, Azabujuban, Minato Ward, Tokyo	Real estate in trust	3,492.93	5,110	4,083
	Castalia Shibakoen	3-32-10, Shiba, Minato Ward, Tokyo	Real estate in trust	2,707.51	2,830	2,366
	Castalia Ginza	1-14-13, Ginza, Chuo Ward, Tokyo	Real estate in trust	2,226.42	2,750	2,251
	Castalia Hiroo	3-13-3, Nishi Azabu, Minato Ward, Tokyo	Real estate in trust	1,621.59	2,310	2,010
	Castalia Nihonbashi	11-2, Nihonbashi Kabuto-cho, Chuo Ward, Tokyo	Real estate in trust	1,458.73	1,390	1,054
	Castalia Hacchobori	3-27-5, Hacchobori, Chuo Ward, Tokyo	Real estate in trust	2,969.57	2,740	2,058
	Castalia Azabujuban	2-10-1, Azabujuban, Minato Ward, Tokyo	Real estate in trust	2,400.00	3,240	2,748
	Castalia Azabujuban II	2-21-2, Azabujuban, Minato Ward, Tokyo	Real estate in trust	2,094.58	2,840	2,491
	Castalia Shinjuku Natsumezaaka	10-1, Kikui-cho, Shinjuku Ward, Tokyo	Real estate in trust	1,917.62	1,860	1,757
	Castalia Ginza II	1-23-4, Ginza, Chuo Ward, Tokyo	Real estate in trust	1,817.56	2,110	1,605
	Castalia Shibuya Sakuragaoka	29-21, Sakuragaoka-cho, Shibuya Ward, Tokyo	Real estate in trust	1,123.80	1,450	1,334
	Castalia Nishi Azabu Kasumicho	1-3-12, Nishi Azabu, Minato Ward, Tokyo	Real estate in trust	2,779.77	2,860	2,277
	Castalia Ochanomizu	3-24-1, Kanda-Ogawamachi, Chiyoda Ward, Tokyo	Real estate in trust	2,559.21	2,720	1,650
	Castalia Sangubashi	4-52-12, Yoyogi, Shibuya Ward, Tokyo	Real estate in trust	1,898.47	1,970	1,441
	Castalia Suitengu	2-8-13, Nihonbashi Kakigaracho, Chuo Ward, Tokyo	Real estate in trust	1,940.94	1,740	1,155
	Castalia Suitengu II	1-38-16, Nihonbashi Kakigaracho, Chuo Ward, Tokyo	Real estate in trust	1,858.34	1,550	1,041
	Castalia Shintomicho	3-10-10, Irifune, Chuo Ward, Tokyo	Real estate in trust	1,444.52	1,260	863
	Castalia Shintomicho II	2-6-4, Irifune, Chuo Ward, Tokyo	Real estate in trust	1,244.54	1,120	780
	Castalia Harajuku	3-55-3, Sendagaya, Shibuya Ward, Tokyo	Real estate in trust	1,225.26	1,270	856
	Castalia Yoyogi Uehara	1-17-16, Uehara, Shibuya Ward, Tokyo	Real estate in trust	811.95	897	635
	Castalia Sendagaya	2-9-10, Sendagaya, Shibuya Ward, Tokyo	Real estate in trust	803.03	785	549
	Castalia Shinjuku 7 chome	7-17-16, Shinjuku, Shinjuku Ward, Tokyo	Real estate in trust	957.60	642	429
	Castalia Ningyocho	7-15, Nihonbashi Tomisawacho, Chuo Ward, Tokyo	Real estate in trust	1,747.90	1,600	850
	Castalia Ningyocho II	8-12, Nihonbashi Tomisawacho, Chuo Ward, Tokyo	Real estate in trust	1,826.80	1,730	943
	Castalia Shin-Ochanomizu	2-3-3, Kanda Awaji-cho, Chiyoda Ward, Tokyo	Real estate in trust	1,308.38	1,330	854
	Castalia Higashi Nihonbashi II	12-11, Nihonbashi Tomisawacho, Chuo Ward, Tokyo	Real estate in trust	2,117.46	2,070	1,235
	Castalia Jinbocho	2-40-8, Kanda-Jinbocho, Chiyoda Ward, Tokyo	Real estate in trust	1,628.80	1,760	1,072
	Castalia Shintomicho III	2-8-8, Irifune, Chuo Ward, Tokyo	Real estate in trust	972.51	931	622
	Castalia Shinjuku Gyoen	2-14-4, Shinjuku, Shinjuku Ward, Tokyo	Real estate in trust	3,594.16	3,620	2,512
	Castalia Takanawadai	3-4-12, Takanawa, Minato Ward, Tokyo	Real estate in trust	1,147.44	1,330	816
	Castalia Higashi Nihonbashi III	3-5-6, Higashi-Nihonbashi, Chuo Ward, Tokyo	Real estate in trust	1,105.20	934	601
	Castalia Shinjuku Gyoen II	1-29-15, Shinjuku, Shinjuku Ward, Tokyo	Real estate in trust	668.79	630	449
	Castalia Shintomicho IV	3-10-8, Irifune, Chuo Ward, Tokyo	Real estate in trust	681.00	579	384
	Castalia Takanawadai II	3-5-6, Takanawa, Minato Ward, Tokyo	Real estate in trust	1,567.84	1,680	1,124
	Castalia Minami Azabu	2-2-27, Minami Azabu, Minato Ward, Tokyo	Real estate in trust	882.67	924	615
	Castalia Ginza III	8-18-2, Ginza, Chuo Ward, Tokyo	Real estate	3,494.42	3,630	2,704
	Castalia Kayabacho	2-1, Nihonbashi Koami-cho, Chuo Ward, Tokyo	Real estate	4,602.95	3,930	2,484
	Castalia Takanawa	2-17-12, Takanawa, Minato Ward, Tokyo	Real estate in trust	10,408.26	10,500	7,282
	Castalia Higashi Nihonbashi	9-14, Nihonbashi Yokoyama-cho, Chuo Ward, Tokyo	Real estate	6,442.28	4,830	3,183
	Castalia Shinjuku	2-6-11, Shinjuku, Shinjuku Ward, Tokyo	Real estate	3,150.80	4,020	2,754
	Castalia Ichigaya	14-4, Ichigaya Yakuoji-machi, Shinjuku Ward, Tokyo	Real estate in trust	1,546.34	1,560	839
	Shibaura Island Bloom Tower	4-20-2, 4-20-3, 4-20-4, Shibaura, Minato Ward, Tokyo	Real estate in trust	16,849.50	10,000	6,007
	Castalia Hatsudai	1-10-9, Honmachi, Shibuya Ward, Tokyo	Real estate in trust	3,077.05	2,780	1,929
	Castalia Hatsudai II	1-33-7, Honmachi, Shibuya Ward, Tokyo	Real estate in trust	2,339.42	2,420	1,815
	Castalia Ebisu	3-15-6, Ebisu, Shibuya Ward, Tokyo	Real estate in trust	1,659.71	1,840	1,357
	Castalia Meguro Kamurozaka	4-31-23, Nishi Gotanda, Shinagawa Ward, Tokyo	Real estate in trust	4,967.97	5,390	3,939
	Castalia Toritsudaigaku	1-4-1, Midorigaoka, Meguro Ward, Tokyo	Real estate in trust	863.70	553	560
	Castalia Yukigaya	2-13-3, Higashi Yukigaya, Ota Ward, Tokyo	Real estate in trust	1,542.30	1,330	962
	Castalia Yutenji	2-14-21, Yutenji, Meguro Ward, Tokyo	Real estate in trust	1,380.35	1,530	1,293
	Castalia Otsuka	3-17-4, Minami Otsuka, Toshima Ward, Tokyo	Real estate in trust	1,871.70	1,850	1,315
	Castalia Kikukawa	2-1-12, Kikukawa, Sumida Ward, Tokyo	Real estate in trust	1,168.18	983	717
	Castalia Meguro	2-1-13, Meguro, Meguro Ward, Tokyo	Real estate in trust	1,414.73	1,400	852
	Castalia Otsuka II	2-32-20, Higashi-Ikebukuro, Toshima Ward, Tokyo	Real estate in trust	1,784.50	1,570	945
	Castalia Jiyugaoka	1-20-1, Jiyugaoka, Meguro Ward, Tokyo	Real estate in trust	1,472.47	1,730	1,159
	Castalia Mejiro	2-8-16, Takada, Toshima Ward, Tokyo	Real estate in trust	1,658.90	1,300	920
	Castalia Ikebukuro	3-1-12, Nishi-Ikebukuro, Toshima Ward, Tokyo	Real estate in trust	3,644.35	3,410	2,366
	Castalia Kaname-cho	5-26-10 Nishi-Ikebukuro, Toshima Ward, Tokyo	Real estate in trust	1,624.06	1,490	1,062
	Castalia Tower Shinagawa Seaside	4-10-18, Higashi Shinagawa, Shinagawa Ward, Tokyo	Real estate in trust	12,732.35	10,500	6,628
	Castalia Yakumo	2-20-5, Yakumo, Meguro Ward, Tokyo	Real estate	1,276.91	964	809
	Castalia Togoshiekimae	1-7-16, Hiratsuka, Shinagawa Ward, Tokyo	Real estate	2,014.12	2,470	1,413
	Castalia Honjo Azumabashi	3-7-11, Honjo, Sumida Ward, Tokyo	Real estate in trust	2,255.88	1,420	944

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	1,000	723
	Castalia Monzennakacho	1-17-12, Fukuzumi, Koto Ward, Tokyo	Real estate in trust	887.94	712	449
	Castalia Kamiikedai	1-4-15, Kamiikedai, Ota Ward, Tokyo	Real estate in trust	414.45	254	173
	Castalia Morishita	1-16-12, Morishita, Koto Ward, Tokyo	Real estate in trust	1,383.90	1,230	756
	Castalia Wakabayashikoen	4-39-4, Wakabayashi, Setagaya Ward, Tokyo	Real estate in trust	1,425.43	1,000	754
	Castalia Asakusabashi	2-16-21, Yanagi-bashi, Taito Ward, Tokyo	Real estate in trust	1,537.84	1,110	706
	Castalia Iriya	3-1-28, Shitaya, Taito Ward, Tokyo	Real estate in trust	1,415.15	761	497
	Castalia Kita Ueno	1-15-5, Kita-Ueno, Taito Ward, Tokyo	Real estate in trust	4,197.66	3,570	2,369
	Castalia Morishita II	2-12-11, Shin-Ohashi, Koto Ward, Tokyo	Real estate	1,275.60	969	577
	Castalia Minowa	5-24-4, Negishi, Taito Ward, Tokyo	Real estate	2,406.41	1,850	1,269
	Castalia Oyamadai	7-14-13, Todoroki, Setagaya Ward, Tokyo	Real estate	857.32	696	502
	Castalia Nakano	2-12-13, Arai, Nakano Ward, Tokyo	Real estate	1,613.86	1,540	959
	Castalia Yoga	1-3-12, Tamagawadai, Setagaya Ward, Tokyo	Real estate	1,472.38	1,310	848
	Castalia Sumiyoshi	2-8-11, Sumiyoshi, Koto Ward, Tokyo	Real estate	1,362.60	1,170	824
	Castalia Monzennakacho II	2-2-9, Tomioka, Koto Ward, Tokyo	Real estate	3,038.98	3,300	1,912
	Castalia Oshiage	3-5-2, Mukoujima, Sumida Ward, Tokyo	Real estate	1,785.24	1,340	925
	Castalia Kuramae	3-9-4, Kuramae, Taito Ward, Tokyo	Real estate	1,994.93	1,720	1,077
	Castalia Nakanobu	4-7-11, Nakanobu, Shinagawa Ward, Tokyo	Real estate in trust	2,421.82	2,730	1,596
	Royal Parks Toyosu	3-5-21, Toyosu, Koto Ward, Tokyo	Real estate in trust	18,112.03	11,700	5,328
	Castalia Togoshi	5-2-1, Togoshi, Shinagawa Ward, Tokyo	Real estate in trust	2,629.59	2,750	1,489
	Castalia Ooimachi	4-2-11, Ooi, Shinagawa Ward, Tokyo	Real estate	1,413.75	1,750	1,084
	Castalia Omori	1-19-20, Omori kita, Ota Ward, Tokyo	Real estate in trust	2,046.36	2,070	1,361
	Castalia Mishuku	1-3-39, Taishidou, Setagaya Ward, Tokyo	Real estate in trust	2,640.86	2,740	1,734
	Castalia Arakawa	2-3-1, Arakawa, Arakawa Ward, Tokyo	Real estate in trust	3,797.92	2,580	1,481
	Castalia Omori II	1-8-13, Omori kita, Ota Ward, Tokyo	Real estate in trust	2,818.70	3,250	2,226
	Castalia Nakameguro	1-18-7, Aobadai, Meguro Ward, Tokyo	Real estate in trust	3,166.71	5,150	3,698
	Castalia Meguro Choijamaru	2-8-1, Kamiosaki, Shinagawa Ward, Tokyo	Real estate in trust	2,123.77	2,750	1,966
	Castalia Meguro Takaban	1-6-19, Takaban, Meguro Ward, Tokyo	Real estate in trust	1,961.52	2,180	1,705
	Castalia Omori III	5-21-11, Minami-ooi, Shinagawa Ward, Tokyo	Real estate in trust	2,004.80	1,950	1,415
	Castalia Meguro Tairamachi	1-23-8, Tairamachi, Meguro Ward, Tokyo	Real estate in trust	1,278.52	1,470	1,163
	Royal Parks SEASIR	1-16-2, Nishiarai Sakae-cho, Adachi Ward, Tokyo	Real estate in trust	17,269.74	5,240	3,647
	Castalia Honkomagome	6-21-2, Honkomagome, Bunkyo Ward, Tokyo	Real estate in trust	2,224.41	2,010	1,447
	Cosmo Heim Musashikosugi	2-8, Kizuki Ise-cho, Nakahara Ward, Kawasaki City, Kanagawa	Real estate in trust	4,208.83	2,430	1,636
	Castalia Tsurumi	3-5-10, Tsurumi Chuo, Tsurumi Ward, Yokohama City, Kanagawa	Real estate in trust	1,452.09	868	584
	Castalia Funabashi	4-4-8, Honcho, Funabashi City, Chiba	Real estate in trust	1,552.01	892	654
	Castalia Nishi Funabashi	4-19-16, Nishi Funa, Funabashi City, Chiba	Real estate in trust	1,597.32	1,100	716
	Castalia Nogeyama	1-8-1, Hinodecho, Naka Ward, Yokohama City, Kanagawa	Real estate in trust	744.90	412	298
	Castalia Ichikawa	1-24-3, Ichikawa, Ichikawa City, Chiba	Real estate in trust	876.89	658	397
	Royal Parks Hanakoganei	1-8-2, Hanakoganei, Kodaira City, Tokyo	Real estate in trust	18,153.57	7,000	4,414
	Castalia Musashikosugi	2-21, Imaikami-cho, Nakahara Ward, Kawasaki City, Kanagawa	Real estate in trust	2,179.80	2,070	1,577
	Royal Parks Wakabadai	2-1-1, Wakabadai, Inagi City, Tokyo	Real estate in trust	21,367.93	4,960	3,328
	Pacific Royal Court Minatomirai Urban Tower	5-3-3, Minatomirai, Nishi Ward, Yokohama City, Kanagawa	Real estate in trust	26,294.49	11,800	7,087
	L-Place Shinkoyasu	3-298-1, Koyasu-dori, Kanagawa Ward, Yokohama City, Kanagawa	Real estate in trust	3,009.74	2,410	1,559
	Royal Parks Musashikosugi	13-8, Aza Shinjuku-kochi, Nakamaruko, Nakahara Ward, Kawasaki City, Kanagawa	Real estate in trust	3,808.97	1,370	870
	Castalia Sakaisuji Honmachi	1-3-7, Kyutarochi, Chuo Ward, Osaka City, Osaka	Real estate in trust	3,471.39	2,100	1,302
	Castalia Shin-Umeda	6-8-21, Nakatsu, Kita Ward, Osaka City, Osaka	Real estate in trust	3,279.90	1,930	1,199
	Castalia Abeno	2-4-37, Abeno-Suji, Abeno Ward, Osaka City, Osaka	Real estate	10,920.75	6,530	3,999
	Castalia Sakae	4-16-10, Sakae, Naka Ward, Nagoya City, Aichi	Real estate	2,836.00	1,400	881
	Castalia Higashi Hie	5-31, Hie-cho, Hakata Ward, Fukuoka City, Fukuoka	Real estate	3,061.60	1,210	830
	Castalia Tower Nagahoribashi	1-15-25, Shimanouchi, Chuo Ward, Osaka City, Osaka	Real estate	8,747.40	5,280	2,790
	Castalia Sannomiya	3-2-31, Isobedori, Chuo Ward, Kobe City, Hyogo	Real estate	3,071.60	1,700	1,042
	Castalia Kotodaikoen	3-10-24, Kokubun-cho, Aoba Ward, Sendai City, Miyagi	Real estate	1,684.10	616	381
	Castalia Ichibancho	1-6-27, 1-6-30, Ichibancho, Aoba Ward, Sendai City, Miyagi	Real estate	2,800.32	1,020	654
	Castalia Omachi	2-5-8, Omachi, Aoba Ward, Sendai City, Miyagi	Real estate	2,149.08	891	564
	Castalia Uemachidai	4-1-12, Uehonmachi Nishi, Chuo Ward, Osaka City, Osaka	Real estate	5,415.39	3,140	1,960
	Castalia Tower Higobashi	1-2-24, Tosabori, Nishi Ward, Osaka City, Osaka	Real estate	6,230.20	4,060	2,324
	Castalia Fushimi	1-8-49, Nishiki, Naka Ward, Nagoya City, Aichi	Real estate in trust	7,022.69	3,330	1,833

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)
Residential properties	Castalia Meieki Minami	1-12-22, Meiekininami, Nakamura Ward, Nagoya City, Aichi	Real estate in trust	1,822.10	1,010	616
	Castalia Yakuin	2-3-13, Imaizumi, Chuo Ward, Fukuoka City, Fukuoka	Real estate	2,784.83	1,300	842
	Castalia Mibu	79, Mibu Aiai-cho, Nakagyo Ward, Kyoto City, Kyoto	Real estate in trust	2,828.39	1,710	1,010
	Castalia Tsutsujigaoka	4-2-35, Shintera, Wakabayashi Ward, Sendai City, Miyagi	Real estate in trust	4,471.11	1,920	1,079
	Royal Parks Namba	2-2-40, Minato machi, Naniwa Ward, Osaka City, Osaka	Real estate in trust	10,354.15	3,050	2,371
	Castalia Shigahondori	1-15-2, Wakabadori, Kita Ward, Nagoya City, Aichi	Real estate in trust	5,086.69	2,480	1,465
	Castalia Kyoto Nishioji	100-1, Shichijyo Goshonouchi Minamimachi, Shimogyo Ward, Kyoto City, Kyoto	Real estate	2,035.37	1,130	960
	Castalia Ningyocho III	1-2-3, Nihonbashi Ningyocho, Chuo Ward, Tokyo	Real estate in trust	2,897.06	3,090	1,907
	Royal Parks Umejima	5-25-33, Umeda, Adachi Ward, Tokyo	Real estate in trust	6,828.78	2,460	1,782
	Castalia Shinsakae II	1-29-21, Shinsakae, Naka Ward, Nagoya City, Aichi	Real estate in trust	4,425.46	2,120	1,739
	Castalia Sumiyoshi II	1-16-1, Sumiyoshi, Koto Ward, Tokyo	Real estate in trust	1,687.89	1,520	1,507
Retail properties	Residential properties – Subtotal			446,435.62	323,681	215,947
	ACROSSMALL Shinkamagaya	2-12-1, Shin-Kamagaya, Kamagaya City, Chiba	Real estate in trust	41,742.84	8,850	7,213
	FOLEO Hirakata	1-20-10, Koyamichi, Hirakata City, Osaka	Real estate in trust	16,385.56	4,670	4,259
	QIZ GATE URAWA	3720, Aza Fudodani, Oaza Nakao, Midori Ward, Saitama City, Saitama	Real estate in trust	9,720.49	4,550	4,040
	UNICUS Takasaki	1150-5, Aza Nishikanai, Iizuka-machi, Takasaki City, Gunma	Real estate in trust	9,277.08	3,220	2,887
	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	8,260	7,709
	ASOBOX (Land)	2-2-16, Nakatsuguchi, Kokura Kita Ward, Kitakyushu City, Fukuoka	Real estate in trust	11,207.90	2,060	1,617
	FOLEO Ome Imai	3-10-9, Imai, Ome City, Tokyo	Real estate in trust	8,637.91	3,990	3,632
	FOLEO Otsu Ichiriyama	7-1-1, Ichiriyama, Otsu City, Shiga	Real estate in trust	62,917.73	8,560	7,835
	FOLEO Hakata	1-14-46, Higashinaka, Hakata Ward, Fukuoka City, Fukuoka	Real estate in trust	23,230.77	3,790	3,082
	ACROSSMALL Semboku (Land)	5-456-67, Harayamadai, Minami Ward, Sakai City, Osaka	Real estate in trust	30,824.72	3,910	3,383
	iias Tsukuba	5-19, Kenkyugakuen, Tsukuba City, Ibaraki	Real estate in trust	138,900.39	34,300	33,680
	LIFE Sagamihara Wakamatsu	5-19-5, Wakamatsu, Minami Ward, Sagamihara City, Kanagawa	Real estate in trust	2,973.44	1,890	1,631
	FOLEO Sendai Miyanomori	4-14-5, Higashisendai, Miyagino Ward, Sendai City, Miyagi	Real estate in trust	19,845.72	7,670	6,850
	ACROSSPLAZA Inazawa (Land)	5-1-1, Otsuka Minami, Inazawa City, Aichi	Real estate in trust	31,981.70	2,620	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	2,450	2,079
	Hiratsuka Retail Property (Land)	1-2, Kuryozutsumi, Hiratsuka City, Kanagawa	Real estate in trust	28,002.92	6,720	5,857
	Royal Home Center Morinomiya (Land)	1-540-1, Tamatsukuri, Chuo Ward, Osaka City, Osaka	Real estate in trust	6,669.74	5,300	4,541
	Aoyama Tailor Bunkyo Sengoku Ekimae Store	2-29-21, Honkomagome, Bunkyo Ward, Tokyo	Real estate in trust	1,066.95	779	761
	FOLEO Shobu	6006-1, Aza Terada, Shobu, Shobucho, Kuki City, Saitama	Real estate in trust	19,104.17	5,250	4,871
	Hapias Kaita (Land)	2-1262-11, Une, Kaita-cho, Aki District, Hiroshima	Real estate	13,415.52	1,540	1,471
	COMBOX310	1-107-1, Miyamachi, Mito City, Ibaraki	Real estate in trust	30,517.69	4,790	4,199
	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	2,710	2,673
	Retail properties – Subtotal			571,008.21	131,819	120,409
Hotel properties	Daiwa Roynet Hotel Yokohama Kannai	2-7-4, Hagoromocho, Naka Ward, Yokohama City, Kanagawa	Real estate in trust	7,932.37	4,940	4,630
	Super Hotel JR Nara Station Sanjo Street	500-1, Sanjo-cho, Nara City, Nara	Real estate in trust	2,637.18	1,500	1,406
	Daiwa Roynet Hotel Nagoya Shinkansenguchi	1-23, Tsubakicho, Nakamura Ward, Nagoya City, Aichi	Real estate in trust	7,605.41	4,390	5,344
	AMANEK Kanazawa	2-25-17, Katamachi, Kanazawa City, Ishikawa	Real estate in trust	7,011.58	4,900	5,002
	Candeo Hotels Nagasaki Shinchi Chinatown	3-12 Doza-machi, Nagasaki City, Nagasaki	Real estate in trust	6,770.65	3,360	3,045
Hotel properties – Subtotal				31,957.19	19,090	19,429

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	1,320	771
	Aburatsubo Marina HILLS	1523-1, Aza Shirasu, Misaki-machi Moroiso, Miura City, Kanagawa	Real estate in trust	3,901.14	1,320	998
	Naha Shin-Toshin Center Building (Daiwa Roynet Hotel Naha-Omoromachi)	1-1-12, Omoromachi, Naha City, Okinawa	Real estate in trust	13,480.00	8,140	6,990
	Sharp Hiroshima Building	2-13-4, Nishihara, Asaminami Ward, Hiroshima City, Hiroshima	Real estate in trust	3,064.89	1,970	1,775
	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	1,377
	GRANODE Hiroshima	3-5-7, Futabanosato, Higashi Ward, Hiroshima City, Hiroshima	Real estate in trust	29,915.08	32,400	28,130
	Other – Subtotal			55,884.23	46,530	40,043
Total			3,200,583.28	1,065,580	846,544	

- (Notes)
- "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.
 - "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, 2023. 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.
 - "Assessed value at the end of period" is the appraisal value as of February 28, 2023 provided by real estate appraisers (Daiwa Real Estate Appraisal Co., Ltd., Chuo Real Estate Appraisal Co., Ltd., The Tanizawa Sôgô 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.
 - "Book value" is the amount recorded on the balance sheets as of February 28, 2023 (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.
 - 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	33rd period (From March 1, 2022 to August 31, 2022)			34th period (From September 1, 2022 to February 28, 2023)		
		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	136,747	0.5	100.0	136,871	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	102,938	0.4	100.0	102,933	0.3
	D Project Kawagoe II	100.0	142,536	0.5	100.0	142,536	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	161,059	0.5	100.0	161,023	0.5
	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	33rd period (From March 1, 2022 to August 31, 2022)			34th period (From September 1, 2022 to February 28, 2023)		
		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	0.3
	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)	100.0	(Note 3)	(Note 3)
	D Project Hiratsuka	100.0	(Note 3)	(Note 3)	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)	100.0	(Note 3)	(Note 3)
	Logistics properties – Subtotal	100.0	13,877,585	47.3	100.0	13,937,632	47.3
	Qiz Ebisu	98.8	245,667	0.8	98.1	244,303	0.8
Residential properties	Castalia Azabujuban Shichimenzaka	93.0	111,880	0.4	96.8	115,315	0.4
	Castalia Shibakoen	97.6	67,831	0.2	94.2	68,277	0.2
	Castalia Ginza	97.3	70,799	0.2	91.3	69,169	0.2
	Castalia Hiroo	100.0	53,502	0.2	97.5	53,613	0.2
	Castalia Nihonbashi	93.1	37,847	0.1	100.0	38,233	0.1
	Castalia Hacchobori	90.3	67,392	0.2	96.8	68,788	0.2
	Castalia Azabujuban	96.7	72,663	0.2	100.0	74,943	0.3
	Castalia Azabujuban II	95.7	60,513	0.2	92.8	64,779	0.2
	Castalia Shinjuku Natsumezaka	90.5	45,752	0.2	92.9	46,934	0.2
	Castalia Ginza II	97.1	52,086	0.2	98.6	53,196	0.2
	Castalia Shibuya Sakuragaoka	88.6	34,464	0.1	91.4	34,580	0.1
	Castalia Nishi Azabu Kasumicho	100.0	76,915	0.3	98.1	76,772	0.3
	Castalia Ochanomizu	97.1	61,400	0.2	92.4	58,876	0.2
	Castalia Sangubashi	95.4	49,132	0.2	96.2	48,322	0.2
	Castalia Suitengu	98.4	47,036	0.2	98.4	46,645	0.2
	Castalia Suitengu II	98.3	42,627	0.1	100.0	43,636	0.1
	Castalia Shintomicho	97.7	33,832	0.1	95.2	34,520	0.1
	Castalia Shintomicho II	97.3	29,608	0.1	93.8	30,148	0.1
	Castalia Harajuku	100.0	28,816	0.1	100.0	29,052	0.1
	Castalia Yoyogi Uehara	96.2	22,458	0.1	100.0	23,048	0.1
	Castalia Sendagaya	91.7	20,252	0.1	100.0	20,910	0.1
	Castalia Shinjuku 7 chome	94.8	18,837	0.1	100.0	18,423	0.1
	Castalia Ningyocho	100.0	39,008	0.1	100.0	39,792	0.1
	Castalia Ningyocho II	100.0	41,631	0.1	100.0	43,076	0.1
	Castalia Shin-Ochanomizu	91.8	33,564	0.1	97.3	34,151	0.1
	Castalia Higashi Nihonbashi II	100.0	50,677	0.2	97.4	52,142	0.2
	Castalia Jinbocho	96.7	42,609	0.1	100.0	42,029	0.1
	Castalia Shintomicho III	93.0	25,112	0.1	97.7	24,538	0.1
	Castalia Shinjuku Gyoen	100.0	83,787	0.3	100.0	83,811	0.3
	Castalia Takanawadai	93.5	29,173	0.1	97.3	30,529	0.1
	Castalia Higashi Nihonbashi III	100.0	24,352	0.1	100.0	24,336	0.1
	Castalia Shinjuku Gyoen II	100.0	16,595	0.1	96.3	16,804	0.1
	Castalia Shintomicho IV	100.0	15,911	0.1	100.0	16,875	0.1
	Castalia Takanawadai II	100.0	40,025	0.1	90.3	38,752	0.1
	Castalia Minami Azabu	100.0	22,201	0.1	96.9	21,911	0.1
	Castalia Ginza III	95.4	84,867	0.3	100.0	88,887	0.3
	Castalia Kayabacho	98.8	99,517	0.3	97.8	102,489	0.3
	Castalia Takanawa	98.5	260,317	0.9	99.1	264,303	0.9

Asset class	Property name	33rd period (From March 1, 2022 to August 31, 2022)			34th period (From September 1, 2022 to February 28, 2023)		
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		(%) (Note 1)			(%) (Note 1)		
Residential properties	Castalia Higashi Nihonbashi	98.9	148,747	0.5	98.8	150,169	0.5
	Castalia Shinjuku	100.0	92,554	0.3	100.0	92,562	0.3
	Castalia Ichigaya	93.3	42,698	0.1	93.3	41,023	0.1
	Shibaura Island Bloom Tower	97.4	401,038	1.4	98.1	406,033	1.4
	Castalia Hatsudai	96.4	69,581	0.2	95.6	69,069	0.2
	Castalia Hatsudai II	96.9	60,890	0.2	97.7	60,157	0.2
	Castalia Ebisu	95.1	44,348	0.2	100.0	44,661	0.2
	Castalia Meguro Kamurozaka	97.0	133,169	0.5	94.6	132,978	0.5
	Castalia Toritsudaigaku	94.3	19,028	0.1	100.0	18,802	0.1
	Castalia Yukigaya	96.4	35,783	0.1	100.0	34,740	0.1
	Castalia Yutenji	92.5	35,153	0.1	95.8	36,772	0.1
	Castalia Otsuka	95.9	46,690	0.2	97.5	47,920	0.2
	Castalia Kikukawa	95.8	26,566	0.1	94.0	26,070	0.1
	Castalia Meguro	95.8	34,275	0.1	100.0	33,241	0.1
	Castalia Otsuka II	94.5	38,015	0.1	98.3	38,566	0.1
	Castalia Jiyugaoka	97.9	39,605	0.1	94.5	39,467	0.1
	Castalia Mejiro	92.4	35,198	0.1	97.5	34,644	0.1
	Castalia Ikebukuro	97.4	87,981	0.3	95.0	87,191	0.3
	Castalia Kaname-cho	97.3	39,608	0.1	100.0	39,851	0.1
	Castalia Tower Shinagawa Seaside	96.6	291,023	1.0	98.5	293,892	1.0
	Castalia Yakumo	100.0	24,226	0.1	100.0	24,738	0.1
	Castalia Togoshiekimae	100.0	53,856	0.2	100.0	53,717	0.2
	Castalia Honjo Azumabashi	96.5	39,693	0.1	98.2	39,874	0.1
	Castalia Kitazawa	100.0	27,658	0.1	100.0	28,478	0.1
	Castalia Monzennakacho	100.0	17,670	0.1	100.0	17,700	0.1
	Castalia Kamiikedai	82.2	5,847	0.0	82.2	5,553	0.0
	Castalia Morishita	100.0	33,801	0.1	97.1	33,707	0.1
	Castalia Wakabayashikoen	100.0	29,056	0.1	100.0	29,151	0.1
	Castalia Asakusabashi	100.0	34,191	0.1	93.1	34,109	0.1
	Castalia Iriya	100.0	24,044	0.1	100.0	25,323	0.1
	Castalia Kita Ueno	97.8	91,215	0.3	99.1	95,998	0.3
	Castalia Morishita II	97.6	27,347	0.1	97.6	28,960	0.1
	Castalia Minowa	99.0	51,723	0.2	99.0	51,111	0.2
	Castalia Oyamadai	100.0	17,244	0.1	100.0	17,377	0.1
	Castalia Nakano	100.0	37,476	0.1	97.7	37,216	0.1
	Castalia Yoga	94.3	33,367	0.1	93.2	33,232	0.1
	Castalia Sumiyoshi	96.9	33,278	0.1	93.1	33,506	0.1
	Castalia Monzennakacho II	100.0	69,542	0.2	100.0	69,308	0.2
	Castalia Oshiage	94.0	36,558	0.1	100.0	37,641	0.1
	Castalia Kuramae	100.0	43,807	0.1	100.0	43,831	0.1
	Castalia Nakanobu	96.2	68,249	0.2	95.9	65,226	0.2
	Royal Parks Toyosu	100.0	346,199	1.2	100.0	346,208	1.2
	Castalia Togoshi	96.7	73,315	0.2	96.7	74,507	0.3
	Castalia Ooimachi	96.9	43,872	0.1	98.5	39,850	0.1
	Castalia Omori	98.5	53,069	0.2	96.9	51,615	0.2
	Castalia Mishuku	93.7	67,749	0.2	97.5	68,722	0.2
	Castalia Arakawa	98.4	66,861	0.2	100.0	69,703	0.2
	Castalia Omori II	96.5	79,590	0.3	97.1	100,787	0.3
	Castalia Nakameguro	97.5	118,021	0.4	100.0	118,811	0.4
	Castalia Meguro Chojyamaru	98.6	62,902	0.2	92.4	64,942	0.2
	Castalia Meguro Takaban	98.4	53,641	0.2	98.4	53,262	0.2
	Castalia Omori III	91.9	47,733	0.2	96.6	47,554	0.2
	Castalia Meguro Tairamachi	98.0	34,805	0.1	96.7	33,769	0.1
	Royal Parks SEASIR	100.0	248,296	0.8	100.0	248,550	0.8
	Castalia Honkomagome	95.9	49,490	0.2	96.2	50,185	0.2
	Cosmo Heim Musashikosugi	100.0	60,208	0.2	100.0	60,164	0.2

Asset class	Property name	33rd period (From March 1, 2022 to August 31, 2022)			34th period (From September 1, 2022 to February 28, 2023)		
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		(%) (Note 1)			(%) (Note 1)		
Residential properties	Castalia Tsurumi	100.0	28,799	0.1	100.0	29,803	0.1
	Castalia Funabashi	98.9	31,316	0.1	94.4	30,977	0.1
	Castalia Nishi Funabashi	97.5	34,954	0.1	100.0	35,312	0.1
	Castalia Nozeyama	93.3	14,592	0.0	100.0	14,840	0.1
	Castalia Ichikawa	100.0	22,539	0.1	100.0	19,680	0.1
	Royal Parks Hanakoganei	100.0	246,630	0.8	100.0	245,900	0.8
	Castalia Musashikosugi	98.9	56,571	0.2	97.7	58,013	0.2
	Royal Parks Wakabadai	100.0	262,940	0.9	100.0	262,375	0.9
	Pacific Royal Court Minatomirai Urban Tower	100.0	532,029	1.8	100.0	531,798	1.8
	L-Place Shinkoyasu	100.0	56,945	0.2	100.0	56,927	0.2
	Royal Parks Musashikosugi	100.0	69,691	0.2	100.0	69,544	0.2
	Castalia Sakaisuji Honmachi	95.9	60,218	0.2	96.7	60,880	0.2
	Castalia Shin-Umeda	99.1	55,112	0.2	95.5	55,548	0.2
	Castalia Abeno	100.0	183,348	0.6	100.0	182,744	0.6
	Castalia Sakae	96.3	44,762	0.2	96.1	45,838	0.2
	Castalia Higashi Hie	98.0	45,102	0.2	99.2	45,192	0.2
	Castalia Tower Nagahoribashi	98.6	163,951	0.6	97.3	164,951	0.6
	Castalia Sannomiya	94.8	53,835	0.2	98.2	54,665	0.2
	Castalia Kotodaikoen	100.0	23,991	0.1	100.0	24,286	0.1
	Castalia Ichibancho	100.0	38,983	0.1	96.9	38,855	0.1
	Castalia Omachi	94.4	31,849	0.1	95.8	32,643	0.1
	Castalia Uemachidai	100.0	91,493	0.3	100.0	91,616	0.3
	Castalia Tower Higobashi	95.6	128,094	0.4	96.5	128,433	0.4
	Castalia Fushimi	92.9	104,580	0.4	95.0	103,942	0.4
	Castalia Meieki Minami	95.6	31,356	0.1	96.9	30,690	0.1
	Castalia Yakuin	100.0	44,346	0.2	99.2	43,915	0.1
	Castalia Mibu	92.1	47,870	0.2	91.5	47,666	0.2
	Castalia Tsutsujigaoka	97.6	59,993	0.2	95.0	57,991	0.2
	Royal Parks Namba	100.0	140,079	0.5	100.0	140,014	0.5
	Castalia Shigahondori	100.0	76,323	0.3	93.3	74,300	0.3
	Castalia Kyoto Nishioji	96.3	33,237	0.1	95.2	32,471	0.1
	Castalia Ningyocho III	98.1	70,369	0.2	100.0	74,144	0.3
	Royal Parks Umejima	100.0	103,279	0.4	100.0	103,748	0.4
	Castalia Shinsakae II	100.0	60,308	0.2	100.0	60,061	0.2
	Castalia Sumiyoshi II	93.8	36,282	0.1	97.2	36,206	0.1
	Residential properties – Subtotal	98.1	9,274,028	31.6	98.3	9,335,129	31.7
Retail properties	ACROSSMALL Shinkamagaya	100.0	280,500	1.0	100.0	280,500	1.0
	FOLEO Hirakata	94.3	253,501	0.9	94.3	254,129	0.9
	QIZ GATE URAWA	100.0	206,799	0.7	100.0	207,576	0.7
	UNICUS Takasaki	100.0	129,870	0.4	100.0	129,870	0.4
	ACROSSPLAZA Miyoshi (Land)	100.0	94,290	0.3	100.0	94,290	0.3
	DREAM TOWN ALI	99.7	349,563	1.2	99.7	350,580	1.2
	ASOBOX (Land)	100.0	47,082	0.2	100.0	47,088	0.2
	FOLEO Ome Imai	100.0	132,220	0.5	100.0	128,820	0.4
	FOLEO Otsu Ichiriyama	100.0	322,774	1.1	100.0	322,620	1.1
	FOLEO Hakata	100.0	127,162	0.4	100.0	127,063	0.4
	ACROSSMALL Semboku (Land)	100.0	90,612	0.3	100.0	90,612	0.3
	iiias Tsukuba	100.0	1,075,133	3.7	100.0	1,078,155	3.7
	LIFE Sagamihara Wakamatsu	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	FOLEO Sendai Miyanomori	100.0	239,518	0.8	100.0	239,274	0.8
	ACROSSPLAZA Inazawa (Land)	100.0	69,840	0.2	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	33rd period (From March 1, 2022 to August 31, 2022)			34th period (From September 1, 2022 to February 28, 2023)		
		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)
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	104,880	0.4
	Aoyama Tailor Bunkyo Sengoku Ekimae Store	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	FOLEO Shobu	100.0	157,740	0.5	100.0	157,806	0.5
	Hapias Kaita (Land)	100.0	38,400	0.1	100.0	38,574	0.1
	COMBOX310	100.0	148,800	0.5	100.0	150,150	0.5
	Sports Plaza Ibaraki	100.0	83,041	0.3	100.0	82,842	0.3
	Retail properties – Subtotal	99.8	4,238,837	14.4	99.8	4,242,324	14.4
Hotel properties	Daiwa Roynet Hotel Yokohama Kannai	100.0	153,782	0.5	100.0	154,204	0.5
	Super Hotel JR Nara Station Sanjo Street	100.0	46,956	0.2	100.0	51,425	0.2
	Daiwa Roynet Hotel Nagoya Shinkansenguchi	100.0	120,838	0.4	100.0	126,000	0.4
	AMANEK Kanazawa	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	Candeo Hotels Nagasaki Shinchi Chinatown	100.0	104,227	0.4	100.0	(Note 3)	(Note 3)
	Hotel properties – Subtotal	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
Other assets	Urban Living Inage	100.0	39,060	0.1	100.0	39,060	0.1
	Aburatsubo Marina HILLS	100.0	43,749	0.1	100.0	43,749	0.1
	Naha Shin-Toshin Center Building (Daiwa Roynet Hotel Naha-Omoromachi)	100.0	336,337	1.1	100.0	328,109	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	1,001,329	3.4	99.5	995,549	3.4
	Other – Subtotal	99.7	(Note 3)	(Note 3)	99.7	(Note 3)	(Note 3)
	Total	99.7	29,368,987	100.0	99.7	29,489,738	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, 2022 and February 28, 2023, 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. In addition, certain subtotals (rental revenues and rate to total real estate rental revenues for "Hotel properties – Subtotal" and "Other – Subtotal"), disclosure of which would reveal items for which the consent for disclosure has not been obtained from the lessee, are undisclosed.

(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, 2023.

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	71,400,000	61,400,000	1,298,936
Total		71,400,000	61,400,000	1,298,936

(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, 2023.

(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	9,497	–	–	8,536	(961)	Deposited as business security deposit
		10,000	9,497	–	–	8,536	(961)	

(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, 2023. 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
D Project Urayasu I (Urayasu City, Chiba)	Replacement of indoor and outdoor fire hydrants	From May 2023 to September 2023	108,900	—	—
D Project Urayasu II (Urayasu City, Chiba)	Replacement of HVAC	From December 2022 to June 2023	75,900	—	—
D Project Kuki II (Kuki City, Saitama)	Installation of HVAC	From July 2023 to October 2023	524,139	—	—
D Project Urayasu III (Urayasu City, Chiba)	Replacement of indoor and outdoor fire hydrants	From May 2023 to October 2023	119,900	—	—
D Project Kaminokawa (Kawachi District, Tochigi)	Replacement of LED lights	From June 2023 to August 2023	60,390	—	—
	Formation of fire compartments	From August 2023 to March 2024	737,000	—	—
DPL Nagareyama III (Nagareyama City, Chiba)	Installation of solar power generation equipment	From April 2023 to August 2023	308,000	—	—
Castalia Ginza (Chuo Ward, Tokyo)	Large-scale renovations	From March 2023 to September 2023	69,080	—	—
Castalia Hiroo (Minato Ward, Tokyo)	Large-scale renovations	From March 2023 to September 2023	81,267	—	—
Castalia Higashi Nihonbashi III (Chuo Ward, Tokyo)	Intercom renewal	From January 2024 to February 2024	12,184	—	—
Castalia Asakusabashi (Taito Ward, Tokyo)	Large-scale renovations	From November 2022 to April 2023	45,650	—	—
Castalia Yoga (Setagaya Ward, Tokyo)	Large-scale renovations	From April 2023 to September 2023	44,550	—	—
Castalia Kuramae (Taito Ward, Tokyo)	Large-scale renovations	From April 2023 to September 2023	60,610	—	—
Castalia Meguro Choijamaru (Shinagawa Ward, Tokyo)	Large-scale renovations	From April 2023 to August 2023	57,860	—	—
Castalia Higashi Hie (Fukuoka City, Fukuoka)	Intercom renewal	From July 2023 to September 2023	19,140	—	—
Castalia Kotodaikoen (Sendai City, Miyagi)	Large-scale renovations	From April 2023 to August 2023	77,407	—	—
Castalia Yakuin (Fukuoka City, Fukuoka)	Intercom renewal	From July 2023 to September 2023	17,600	—	—
ACROSSMALL Shinkamagaya (Kamagaya City, Chiba)	Exterior wall painting (first phase)	From May 2023 to August 2023	92,782	—	—
FOLEO Hakata (Fukuoka City, Fukuoka)	Large-scale renovations (second phase)	From March 2023 to September 2023	149,677	—	—

(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 ¥1,589,631 thousand together with ¥1,021,773 thousand in repairs and maintenance expenses and ¥240,089 thousand in restoration costs classified as expenses for the current fiscal period, making a total of ¥2,851,495 thousand in construction work.

Property name (Location)	Purpose	Period	Construction cost (Yen in thousands)
D Project Kawagoe IV (Kawagoe City, Saitama)	Large-scale renovations	From May 2022 to October 2022	229,172
Castalia Shin-Ochanomizu (Chiyoda Ward, Tokyo)	Large-scale renovations	From October 2022 to February 2023	30,858
Castalia Shintomicho III (Chuo Ward, Tokyo)	Large-scale renovations	From October 2022 to February 2023	37,150
Castalia Honjo Azumabashi (Sumida Ward, Tokyo)	Intercom renewal	From February 2023 to February 2023	10,855
Castalia Monzennakacho II (Koto Ward, Tokyo)	Large-scale renovations	From October 2022 to February 2023	33,092
Castalia Nishi Funabashi (Funabashi City, Chiba)	Intercom renewal	From February 2023 to February 2023	10,078
Castalia Sakaisuji Honmachi (Osaka City, Osaka)	Intercom renewal	From January 2023 to February 2023	24,165
Castalia Tower Higobashi (Osaka City, Osaka)	Large-scale renovations	From August 2022 to February 2023	68,741
Castalia Kyoto Nishioji (Kyoto City, Kyoto)	Intercom renewal	From February 2023 to February 2023	12,514

(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.

Operating period	30th period	31st period	32nd period	33rd period	34th period
	From September 1, 2020 to February 28, 2021	From March 1, 2021 to August 31, 2021	From September 1, 2021 to February 28, 2022	From March 1, 2022 to August 31, 2022	From September 1, 2022 to February 28, 2023
Balance of reserves at the beginning of period	1,478,435	1,492,515	1,506,595	1,520,675	1,534,755
Amount of reserves during period	14,080	14,080	14,080	14,080	14,080
Amount of reversal of reserves during period	—	—	—	—	—
Reserves carried forward	1,492,515	1,506,595	1,520,675	1,534,755	1,548,835

5. Expenses and Liabilities

(1) Expenses Incurred in Connection with Management of Assets

(Yen in thousands)

Item	33rd period From March 1, 2022 to August 31, 2022	34th period From September 1, 2022 to February 28, 2023
Asset management fees	1,921,674	1,908,944
Asset custody fees	38,338	38,362
Administrative service fees	94,587	94,036
Directors' remuneration	6,660	6,660
Other expenses	480,327	435,118
Total	2,541,588	2,483,121

(2) Debt Financing

The status of loans per financial institution as of February 28, 2023 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
Sumitomo Mitsui Banking Corporation	April 1, 2015	1,000,000	—	0.87% (Note 2)	October 3, 2022	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
Mizuho Bank, Ltd.		1,000,000	—					
The Norinchukin Bank		1,000,000	—					
Sumitomo Mitsui Trust Bank, Limited	September 28, 2015	1,000,000	—	0.65% (Note 2)	September 28, 2022	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
MUFG Bank, Ltd.		1,000,000	—					
Sumitomo Mitsui Banking Corporation		1,000,000	—					
Mizuho Bank, Ltd.	December 28, 2015	1,800,000	—	0.59% (Note 2)	December 28, 2022	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
Sumitomo Mitsui Trust Bank, Limited		3,200,000	—					
Mizuho Bank, Ltd.		1,800,000	—					
Resona Bank, Limited	April 10, 2018	1,400,000	—	0.43% (Note 3)	September 9, 2022	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
SBI Shinsei Bank, Limited		500,000	—					
Nippon Life Insurance Company		1,000,000	—					
Sumitomo Mitsui Trust Bank, Limited	March 27, 2013	2,000,000	2,000,000	1.50% (Note 2)	March 27, 2023	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
Sumitomo Mitsui Banking Corporation	November 30, 2015	1,000,000	1,000,000	0.71% (Note 2)	May 31, 2023	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
MUFG Bank, Ltd.		1,000,000	1,000,000					
Sumitomo Mitsui Trust Bank, Limited		1,000,000	1,000,000					
Mizuho Bank, Ltd.	September 30, 2016	1,000,000	1,000,000	0.41% (Note 3)	March 31, 2023	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
Sumitomo Mitsui Banking Corporation		1,700,000	1,700,000					
MUFG Bank, Ltd.		2,700,000	2,700,000					
Sumitomo Mitsui Trust Bank, Limited	March 27, 2018	1,700,000	1,700,000	0.44% (Note 3)	March 31, 2023	Bullet repayment	(Note 4)	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	September 30, 2014	800,000	800,000	1.00% (Note 3)	September 29, 2023	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
SBI Shinsei Bank, Limited		300,000	300,000					
Mitsui Sumitomo Insurance Company, Limited		1,000,000	1,000,000					
Nippon Life Insurance Company	January 30, 2015	—	2,000,000	0.88% (Note 3)	January 31, 2024	Bullet repayment	(Note 6)	Unsecured and non-guaranteed
Sumitomo Mitsui Banking Corporation	April 1, 2015	—	1,000,000	0.99% (Note 2)	October 2, 2023	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
Sumitomo Mitsui Trust Bank, Limited		—	1,000,000					
Mizuho Bank, Ltd.		—	1,000,000					
Resona Bank, Limited		—	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								
Current portion of long-term loans	Mizuho Bank, Ltd.	March 31, 2017	—	4,000,000	0.57% (Note 3)	September 29, 2023	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited		—	4,000,000					
	MUFG Bank, Ltd.		—	1,000,000					
	Mizuho Trust & Banking Co., Ltd.		—	1,000,000					
	The Dai-ichi Life Insurance Company, Limited	September 27, 2018	—	1,000,000	0.43% (Note 3)	September 29, 2023	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	March 31, 2020	—	900,000	0.27%	September 29, 2023	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
	MUFG Bank, Ltd.		—	1,900,000					
	Sumitomo Mitsui Banking Corporation		—	900,000					
	Mizuho Bank, Ltd.		—	900,000					
	Resona Bank, Limited		—	800,000					
	The Norinchukin Bank		—	500,000					
	The Chiba Bank, Ltd.		—	500,000					
	SBI Shinsei Bank, Limited		—	300,000					
	Subtotal	—	35,900,000	42,100,000	—	—	—	—	—
	Sumitomo Mitsui Banking Corporation	April 1, 2014	1,000,000	1,000,000	1.52% (Note 2)	April 1, 2024	Bullet repayment	(Note 4)	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.	500,000		500,000						
Sumitomo Mitsui Banking Corporation	April 1, 2014	500,000	500,000	2.03% (Note 2)	April 1, 2026	Bullet repayment	(Note 4)	Unsecured and non-guaranteed	
MUFG Bank, Ltd.		500,000	500,000						
Sumitomo Mitsui Trust Bank, Limited		500,000	500,000						
Development Bank of Japan Inc.		500,000	500,000						
Long-term loans	Nippon Life Insurance Company	September 30, 2014	1,000,000	—	1.00% (Note 3)	September 29, 2023	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
	Development Bank of Japan Inc.	January 30, 2015	2,000,000	—	0.88% (Note 3)	January 31, 2024	Bullet repayment	(Note 6)	Unsecured and non-guaranteed
	Sumitomo Mitsui Banking Corporation	April 1, 2015	1,000,000	—	0.99% (Note 2)	October 2, 2023	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited		1,000,000	—					
	Mizuho Bank, Ltd.		1,000,000	—					
	Resona Bank, Limited		1,000,000	—					
	Sumitomo Mitsui Banking Corporation	April 1, 2015	1,000,000	1,000,000	1.23% (Note 2)	October 1, 2025	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
	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					
	MUFG Bank, Ltd.	April 1, 2015	3,000,000	3,000,000	1.18% (Note 3)	October 1, 2025	Bullet repayment	(Note 4)	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 4)	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								
Long-term loans	Nippon Life Insurance Company	September 28, 2015	1,000,000	1,000,000	0.73% (Note 3)	September 30, 2024	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
	Sumitomo Mitsui Banking Corporation	November 30, 2015	1,000,000	1,000,000	0.97% (Note 2)	May 30, 2025	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
	MUFG Bank, Ltd.		1,000,000	1,000,000					
	Sumitomo Mitsui Trust Bank, Limited		1,000,000	1,000,000					
	Mizuho Bank, Ltd.		1,000,000	1,000,000					
	Sumitomo Mitsui Banking Corporation	November 30, 2015	1,000,000	1,000,000	1.09% (Note 2)	May 29, 2026	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
	MUFG Bank, Ltd.		1,000,000	1,000,000					
	Sumitomo Mitsui Trust Bank, Limited		1,000,000	1,000,000					
	Mizuho Bank, Ltd.		1,000,000	1,000,000					
	Sumitomo Mitsui Banking Corporation	September 28, 2016	1,500,000	1,500,000	0.63% (Note 3)	September 29, 2025	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited		1,500,000	1,500,000					
	MUFG Bank, Ltd.		2,000,000	2,000,000					
	Mizuho Bank, Ltd.		1,500,000	1,500,000					
	Resona Bank, Limited		500,000	500,000					
	Mizuho Trust & Banking Co., Ltd.		500,000	500,000					
	SBI 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 4)	Unsecured and non-guaranteed
	MUFG Bank, Ltd.	September 30, 2016	2,800,000	2,800,000	0.48% (Note 3)	March 29, 2024	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited		1,800,000	1,800,000					
	Sumitomo Mitsui Banking Corporation		1,800,000	1,800,000					
	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					
	SBI Shinsei Bank, Limited		400,000	400,000					
Sumitomo Mitsui Banking Corporation	November 29, 2016	3,000,000	3,000,000	0.87% (Note 3)	November 30, 2026	Bullet repayment	(Note 5)	Unsecured and non-guaranteed	
Mizuho Bank, Ltd.		3,000,000	3,000,000						
MUFG Bank, Ltd.		5,000,000	5,000,000						
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 7)	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 7)	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								
Mizuho Bank, Ltd.	March 31, 2017	4,000,000	—	0.57% (Note 3)	September 29, 2023	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
Sumitomo Mitsui Trust Bank, Limited		4,000,000	—					
MUFG Bank, Ltd.		1,000,000	—					
Mizuho Trust & Banking Co., Ltd.		1,000,000	—					
Sumitomo Mitsui Banking Corporation	March 31, 2017	4,000,000	4,000,000	0.70% (Note 3)	March 31, 2025	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
Aozora Bank, Ltd.		2,500,000	2,500,000					
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	April 11, 2017	1,800,000	1,800,000	0.76% (Note 3)	April 30, 2026	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
MUFG Bank, Ltd.		2,200,000	2,200,000					
Mizuho Bank, Ltd.		1,200,000	1,200,000					
Resona Bank, Limited		1,100,000	1,100,000					
Mizuho Trust & Banking Co., Ltd.		1,000,000	1,000,000					
SBI 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					
Sumitomo Mitsui Banking Corporation		2,100,000	2,100,000					
MUFG Bank, Ltd.		3,700,000	3,700,000					
Sumitomo Mitsui Trust Bank, Limited	April 11, 2017	1,800,000	1,800,000	1.02% (Note 3)	April 28, 2028	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
Mizuho Bank, Ltd.		1,800,000	1,800,000					
Mizuho Trust & Banking Co., Ltd.		600,000	600,000					
Sumitomo Mitsui Trust Bank, Limited		3,400,000	3,400,000					
Sumitomo Mitsui Banking Corporation	July 31, 2017	3,400,000	3,400,000	0.89% (Note 3)	July 30, 2027	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
Mizuho Bank, Ltd.		3,400,000	3,400,000					
MUFG Bank, Ltd.		1,900,000	1,900,000					
Sumitomo Mitsui Banking Corporation	November 29, 2017	2,500,000	2,500,000	0.90% (Note 3)	November 30, 2027	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
MUFG Bank, Ltd.		2,000,000	2,000,000					
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					
MUFG Bank, Ltd.	March 27, 2018	1,500,000	1,500,000	0.75% (Note 3)	September 30, 2027	Bullet repayment	(Note 4)	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								
Development Bank of Japan Inc.	April 10, 2018	2,000,000	2,000,000	0.65% (Note 3)	April 30, 2026	Bullet repayment	(Note 4)	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 4)	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					
SBI Shinsei Bank, Limited	April 10, 2018	500,000	500,000	0.60% (Note 3)	April 30, 2025	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
Shinkin Central Bank		500,000	500,000					
Sumitomo Mitsui Trust Bank, Limited		500,000	500,000					
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		500,000	500,000					
SBI Shinsei Bank, Limited		500,000	500,000					
Shinkin Central Bank		500,000	500,000					
Sumitomo Mitsui Trust Bank, Limited	April 10, 2018	3,000,000	3,000,000	0.89% (Note 3)	April 28, 2028	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
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	—	0.43% (Note 3)	September 29, 2023	Bullet repayment	(Note 4)	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 4)	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 4)	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 5)	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					

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								
Mitsui Sumitomo Insurance Company, Limited	April 5, 2019	1,000,000	1,000,000	0.45% (Note 3)	April 30, 2026	Bullet repayment	(Note 4)	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 4)	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 4)	Unsecured and non-guaranteed
Sumitomo Mitsui Banking Corporation	April 10, 2019	1,000,000	1,000,000	0.39% (Note 3)	October 31, 2024	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
The Norinchukin Bank		1,100,000	1,100,000					
Sumitomo Mitsui Trust Bank, Limited		1,000,000	1,000,000					
SBI 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 4)	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.	November 29, 2019	700,000	700,000	0.66% (Note 2)	November 30, 2029	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
Sumitomo Mitsui Banking Corporation		2,000,000	2,000,000					
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.	January 31, 2020	2,000,000	2,000,000	0.59% (Note 3)	January 31, 2029	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
Sumitomo Mitsui Banking Corporation		1,500,000	1,500,000					
Sumitomo Mitsui Banking Corporation		1,000,000	1,000,000					
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					

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 5)	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.		900,000	900,000					
Sumitomo Mitsui Trust Bank, Limited	March 31, 2020	900,000	–	0.27%	September 29, 2023	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
MUFG Bank, Ltd.		1,900,000	–					
Sumitomo Mitsui Banking Corporation		900,000	–					
Mizuho Bank, Ltd.		900,000	–					
Resona Bank, Limited		800,000	–					
The Norinchukin Bank		500,000	–					
The Chiba Bank, Ltd.		500,000	–					
SBI Shinsei Bank, Limited		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 5)	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 4)	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.		500,000	500,000					
The Chiba Bank, Ltd.		500,000	500,000					
The Iyo Bank, Ltd.	April 3, 2020	500,000	500,000	0.40% (Note 3)	March 31, 2026	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
The Dai-ichi Life Insurance Company, Limited		500,000	500,000					
Mitsui Sumitomo Insurance Company, Limited	April 3, 2020	500,000	500,000	0.41% (Note 3)	September 30, 2026	Bullet repayment	(Note 4)	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 4)	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 4)	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					
SBI 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					

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 3, 2020	2,000,000	2,000,000	0.62% (Note 2)	April 30, 2030	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
Sumitomo Mitsui Trust Bank, Limited		2,000,000	2,000,000					
Sumitomo Mitsui Banking Corporation		2,000,000	2,000,000					
Mizuho Bank, Ltd.		2,000,000	2,000,000					
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 4)	Unsecured and non-guaranteed
SBI Shinsei Bank, Limited	September 30, 2020	1,000,000	1,000,000	0.46% (Note 3)	September 30, 2027	Bullet repayment	(Note 4)	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 5)	Unsecured and non-guaranteed
Sumitomo Mitsui Banking Corporation	April 1, 2021	500,000	500,000	0.70% (Note 3)	April 1, 2031	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
Sumitomo Mitsui Trust Bank, Limited		500,000	500,000					
MUFG Bank, Ltd.		1,000,000	1,000,000					
Mizuho Bank, Ltd.		1,000,000	1,000,000					
Sumitomo Mitsui Banking Corporation	April 30, 2021	1,200,000	1,200,000	0.28% (Note 3)	September 30, 2026	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
Sumitomo Mitsui Trust Bank, Limited		600,000	600,000					
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	1,000,000					
Sumitomo Mitsui Trust Bank, Limited	September 3, 2021	1,000,000	1,000,000	0.56% (Note 3)	August 29, 2031	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
MUFG Bank, Ltd.		1,000,000	1,000,000					
Mizuho Bank, Ltd.		1,000,000	1,000,000					
Development Bank of Japan Inc.		1,000,000	1,000,000					
Mizuho Trust & Banking Co., Ltd.		1,000,000	1,000,000					
SBI Shinsei Bank, Limited		1,000,000	1,000,000					
The Yamanashi Chuo Bank, Ltd.		1,000,000	1,000,000					
Kansai Mirai Bank, Limited		1,000,000	1,000,000					
Shinkin Central Bank		500,000	500,000					
The Bank of Kyoto, Ltd.		500,000	500,000					
The Yamaguchi Bank, Ltd.		500,000	500,000					
The Dai-ichi Life Insurance Company, Limited	September 3, 2021	1,000,000	1,000,000	0.80% (Note 3)	August 31, 2033	Bullet repayment	(Note 4)	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	October 1, 2021	500,000	500,000	0.28% (Note 3)	March 31, 2026	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
Sumitomo Mitsui Banking Corporation		500,000	500,000					
MUFG Bank, Ltd.		500,000	500,000					
Mizuho Bank, Ltd.		500,000	500,000					
The Chiba Bank, Ltd.		500,000	500,000					
The 77 Bank, Ltd.		500,000	500,000					
MUFG Bank, Ltd.	October 1, 2021	1,000,000	1,000,000	0.37% (Note 3)	September 29, 2028	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
Mizuho Bank, Ltd.		1,000,000	1,000,000					
The Norinchukin Bank		1,500,000	1,500,000					
Sumitomo Mitsui Trust Bank, Limited		1,000,000	1,000,000					
Sumitomo Mitsui Banking Corporation		1,000,000	1,000,000					
Development Bank of Japan Inc.		1,000,000	1,000,000					
Aozora Bank, Ltd.		1,000,000	1,000,000					
Resona Bank, Limited	November 30, 2021	1,000,000	1,000,000	0.45% (Note 3)	May 31, 2029	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
The Nishi-Nippon City Bank, Ltd.		1,000,000	1,000,000					
The Keiyo Bank, Ltd.		1,000,000	1,000,000					
Sumitomo Mitsui Banking Corporation		1,000,000	1,000,000					
Sumitomo Mitsui Trust Bank, Limited		1,000,000	1,000,000					
MUFG Bank, Ltd.		3,000,000	3,000,000					
Mizuho Bank, Ltd.		1,000,000	1,000,000					
Resona Bank, Limited	January 31, 2022	1,000,000	1,000,000	0.42% (Note 3)	July 31, 2028	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
Sumitomo Mitsui Banking Corporation		900,000	900,000					
The Norinchukin Bank		1,600,000	1,600,000					
Sumitomo Mitsui Trust Bank, Limited		1,550,000	1,550,000					
Aozora Bank, Ltd.		1,100,000	1,100,000					
Mizuho Bank, Ltd.		700,000	700,000					
MUFG Bank, Ltd.		500,000	500,000					
Mizuho Trust & Banking Co., Ltd.	April 1, 2022	400,000	400,000	0.90% (Note 3)	March 31, 2032	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
The Chiba Bank, Ltd.		100,000	100,000					
Sumitomo Mitsui Banking Corporation		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 Trust Bank, Limited		500,000	500,000					
Sumitomo Mitsui Trust Bank, Limited	April 28, 2022	1,950,000	1,950,000	0.80% (Note 3)	October 31, 2030	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
Sumitomo Mitsui Banking Corporation		1,300,000	1,300,000					
The Norinchukin Bank		1,600,000	1,600,000					
Mizuho Bank, Ltd.		1,150,000	1,150,000					
Aozora Bank, Ltd.		1,100,000	1,100,000					
MUFG Bank, Ltd.		1,050,000	1,050,000					

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	Mizuho Trust & Banking Co., Ltd.	April 28, 2022	500,000	500,000	0.75% (Note 3)	April 30, 2030	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
	Nippon Life Insurance Company		500,000	500,000					
	Development Bank of Japan Inc.		400,000	400,000					
	The Shizuoka Bank, Ltd.		250,000	250,000					
	The Chiba Bank, Ltd.		200,000	200,000					
	Sumitomo Mitsui Trust Bank, Limited		1,000,000	1,000,000					
	Sumitomo Mitsui Banking Corporation		1,000,000	1,000,000					
	Mizuho Bank, Ltd.		500,000	500,000					
	The Shizuoka Bank, Ltd.		500,000	500,000					
	The Chiba Bank, Ltd.		500,000	500,000					
	The Bank of Fukuoka, Ltd.		500,000	500,000					
	The Nishi-Nippon City Bank, Ltd.		500,000	500,000					
	The 77 Bank, Ltd.		500,000	500,000					
	The Chugoku Bank, Limited		500,000	500,000					
	The Iyo Bank, Ltd.		500,000	500,000					
	The Yamaguchi Bank, Ltd.		250,000	250,000					
	The Keiyo Bank, Ltd.	250,000	250,000						
	Nippon Life Insurance Company	September 9, 2022	–	1,000,000	0.51% (Note 3)	January 29, 2027	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	September 28, 2022	–	1,000,000	0.96% (Note 3)	September 30, 2031	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
	Sumitomo Mitsui Banking Corporation		–	1,000,000					
	MUFG Bank, Ltd.		–	1,000,000					
Mizuho Bank, Ltd.	–		1,000,000						
Sumitomo Mitsui Banking Corporation	October 3, 2022	–	1,000,000	0.87% (Note 3)	September 30, 2030	Bullet repayment	(Note 5)	Unsecured and non-guaranteed	
Mizuho Bank, Ltd.		–	1,000,000						
The Norinchukin Bank		–	1,000,000						
Sumitomo Mitsui Banking Corporation	December 28, 2022	–	1,300,000	1.26% (Note 3)	December 26, 2031	Bullet repayment	(Note 5)	Unsecured and non-guaranteed	
MUFG Bank, Ltd.		–	2,700,000						
Resona Bank, Limited		–	1,400,000						
Sumitomo Mitsui Trust Bank, Limited		–	1,300,000						
Mizuho Bank, Ltd.		–	1,300,000						
SBI Shinsei Bank, Limited		–	500,000						
Subtotal	–	329,650,000	321,450,000	–	–	–	–	–	
Total	–	365,550,000	363,550,000	–	–	–	–	–	

(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. To be used to purchase trust beneficiary interests in real estate and related expenses.
5. To be used for repayment of existing loans (refinancing fund).
6. To be used for redemption of rehabilitation obligations (investment corporation bonds) and repayment of rehabilitation obligations (loans).
7. To be used for redemption of investment corporation bonds.

(3) Investment Corporation Bonds

The status of investment corporation bonds issued as of February 28, 2023 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 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 (Note 1) (Green Bonds)	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 (Note 1) (Green Bonds)	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 (Note 1) (Green Bonds)	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 (Note 1) (Green Bonds)	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 (Note 1) (Green Bonds)	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 (Note 1) (Sustainability Bonds)	November 17, 2021	3,000,000	3,000,000	0.40%	November 17, 2031	Bullet repayment	(Note 6)	Unsecured
Daiwa House REIT Investment Corporation 16th Unsecured Investment Corporation Bonds (Note 1) (Sustainability Bonds)	November 17, 2021	1,000,000	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	4,000,000	0.24%	December 16, 2027	Bullet repayment	(Note 5)	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 18th Unsecured Investment Corporation Bonds (Note 1) (Sustainability-Linked Bonds) (Note 7)	May 25, 2022	4,000,000	4,000,000	0.575% (Note 8)	May 25, 2029	Bullet repayment	(Note 2)	Unsecured
Daiwa House REIT Investment Corporation 19th Unsecured Investment Corporation Bonds (Note 1)	December 19, 2022	—	2,000,000	0.77%	June 18, 2032	Bullet repayment	(Note 2)	Unsecured
Total	—	42,000,000	44,000,000	—	—	—	—	—

(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.”
7. A sustainability-linked bond is a bond whose terms vary depending on whether or not it meets a pre-defined Sustainability Performance Target (SPT).
8. The interest rate (per annum) from the following day of May 25, 2022 to May 25, 2023 is 0.575%. From the day after May 25, 2023 onward, the interest rate, which is determined annually depending on the achieved level of the SPT on each reference date, will be applied.

(4) Short-Term Investment Corporation Bonds

Not applicable.

(5) Unit Acquisition Rights

Not applicable.

▶ 6. Status of Acquisition and Disposition during the Period

(1) Status of Acquisition and Disposition of Properties and Asset-Backed Securities, Infrastructure Assets, and Infrastructure Related Asset

Not applicable.

(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

Not applicable.

(4) Transactions with Interested Parties, etc.

i) Status of Transactions

Not applicable for purchase and sale transactions, etc. with interested parties, etc. (Note) for the 34th period.

ii) Amount of Fees Paid

Classification	Total amount paid (A) (Yen in thousands)	Breakdown of transactions with interested parties, etc. (Note)		Rate to total amount paid (B/A) (%)
		Payment recipient	Amount paid (B) (Yen in thousands)	
Management fees	1,493,274	Daiwa Living Co., Ltd.	541,010	36.2
		Daiwa House Realty Mgt. Co., Ltd.	334,530	22.4
		Daiwa House Property Management Co., Ltd.	281,488	18.9
		Daiwa LifeNext Co., Ltd.	34,995	2.3
		Daiwa Lease Co., Ltd.	3,332	0.2
Repairs and maintenance expenses	1,021,773	Daiwa Living Co., Ltd.	519,661	50.9
		Daiwa House Property Management Co., Ltd.	163,232	16.0
		Daiwa House Realty Mgt. Co., Ltd.	153,439	15.0
		Daiwa LifeNext Co., Ltd.	9,340	0.9
		Daiwa Lease Co., Ltd.	3,843	0.4
Restoration costs	240,089	Daiwa Living Co., Ltd.	165,768	69.0
		Daiwa House Realty Mgt. Co., Ltd.	9,400	3.9
Other rental expenses	168,814	Daiwa Living Co., Ltd.	82,632	48.9
		Daiwa House Property Management Co., Ltd.	25,554	15.1
		Daiwa House Realty Mgt. Co., Ltd.	14,787	8.8
		Daiwa LifeNext Co., Ltd.	66	0.0
		Daiwa Lease Co., Ltd.	15	0.0

(Note) “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 Trust Act, Article 123 of the Order for Enforcement of the Investment Trust Act, Article 244-3 of Regulation for Enforcement of Investment Trust Act and Article 26, Item 27 of The Investment Trusts Association, Japan’s Rules on Management Reports, etc., of Investment Trusts and Investment Corporations.

(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.”
Previous fiscal period information in the Balance Sheets, Statements of Income and Retained Earnings, Statements of Changes in Net Assets, Notes to Financial Statements and Distribution Information is for reference only and is not subject to audit by the Accounting Auditor under Article 130 of the Investment Trust Act for the current fiscal period.
Also, since the Statements of Cash Flows are not subject to audit by an independent auditor under Article 130 of the Investment Trust Act, they are not audited by the Accounting Auditor.

(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
November 25, 2022	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. with the relevant work for soliciting subscribers for investment corporation bonds, and entrusted Resona Bank, Limited with issuance agent work, payment agent work, etc.

(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, 2022 and February 28, 2023

	As of	
	August 31, 2022	February 28, 2023
	(Yen in thousands)	
Assets		
Current assets:		
Cash and bank deposits (Note 3)	¥50,030,174	¥53,464,475
Operating accounts receivable	314,491	281,261
Prepaid expenses	731,649	729,739
Other current assets	4,087	11,372
Allowance for doubtful accounts	(2,035)	(1,454)
Total current assets	51,078,366	54,485,394
Investment properties (Notes 8 and 9)	845,032,844	840,813,493
Other assets:		
Goodwill (Note 7)	55,502,344	53,520,117
Leasehold rights in trust (Note 9)	5,782,810	5,735,397
Lease and guarantee deposits in trust	3,547,353	3,547,353
Guarantee deposits	99	99
Long-term prepaid expenses	2,403,601	2,302,615
Investment corporation bond issuance costs	209,212	207,624
Investment securities (Notes 4 and 5)	9,480	9,497
Trademark rights	161	144
Total other assets	67,455,063	65,322,850
Total assets	¥963,566,274	¥960,621,737

Daiwa House REIT Investment Corporation
BALANCE SHEETS
As of August 31, 2022 and February 28, 2023

	As of	
	August 31, 2022	February 28, 2023
	(Yen in thousands)	
Liabilities		
Current liabilities:		
Operating accounts and other payable	¥1,831,564	¥1,937,580
Current portion of long-term loans (Notes 4, 6 and 16)	35,900,000	42,100,000
Accrued expenses	1,818,619	1,810,661
Accrued consumption taxes	1,549,216	484,068
Advances received	3,628,679	3,644,153
Unearned revenue	132,825	108,530
Deposits received	173,587	166,337
Derivative liabilities (Notes 4 and 6)	23,350	16,678
Other	67,520	67,520
Total current liabilities	45,125,362	50,335,530
Non-current liabilities:		
Investment corporation bonds (Notes 4 and 15)	42,000,000	44,000,000
Long-term loans (Notes 4, 6 and 16)	329,650,000	321,450,000
Long-term unearned revenue	175,991	127,789
Tenant leasehold and security deposits	330,939	332,205
Tenant leasehold and security deposits in trust	23,539,868	23,526,583
Asset retirement obligations (Note 12)	677,259	683,696
Derivative liabilities (Notes 4 and 6)	246,460	116,006
Total non-current liabilities	396,620,519	390,236,281
Total liabilities	441,745,882	440,571,812
Net assets (Notes 13 and 14)		
Unitholders' equity:		
Unitholders' capital	268,042,601	268,042,601
Units authorized:		
8,000,000 units as of August 31, 2022 and February 28, 2023		
Units issued and outstanding:		
2,320,000 units as of August 31, 2022 and February 28, 2023		
Surplus		
Capital surplus	247,667,563	247,667,563
Deductions from capital surplus:		
Allowance for temporary difference adjustments	(5,039,524)	(6,879,284)
Other deductions from capital surplus	—	(44,080)
Total deductions from capital surplus	(5,039,524)	(6,923,364)
Capital surplus, net	242,628,039	240,744,199
Unappropriated retained earnings	11,419,562	11,395,808
Total surplus	254,047,602	252,140,008
Total unitholders' equity	522,090,203	520,182,609
Valuation and translation adjustments		
Deferred gains or losses on hedges (Note 6)	(269,810)	(132,684)
Total valuation and translation adjustments	(269,810)	(132,684)
Total net assets	521,820,392	520,049,925
Total liabilities and net assets	¥963,566,274	¥960,621,737

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, 2022 and February 28, 2023

	For the fiscal periods ended	
	August 31, 2022	February 28, 2023
	(Yen in thousands)	
Operating revenues:		
Rental revenues (Notes 10 and 11)	¥29,368,987	¥29,489,738
Total operating revenues	29,368,987	29,489,738
Operating expenses:		
Rental expenses (Note 10)	12,183,764	12,283,588
Asset management fees	1,921,674	1,908,944
Asset custody fees	38,338	38,362
Administrative service fees	94,587	94,036
Directors' remuneration	6,660	6,660
Amortization of goodwill (Note 7)	1,982,226	1,982,226
Provision of allowance for doubtful accounts	1,577	—
Other operating expenses	478,750	435,118
Total operating expenses	16,707,579	16,748,936
Operating income	12,661,408	12,740,801
Non-operating revenues:		
Interest income	185	229
Reversal of allowance for doubtful accounts	—	103
Gain on forfeiture of unclaimed distributions	5,249	7,357
Gain on adjustment of liabilities	7,473	4,249
Gain on receipt of donated non-current assets	—	531
Interest on tax refund	2,920	—
Other non-operating revenues	23	17
Total non-operating revenues	15,852	12,488
Non-operating expenses:		
Interest expense	1,169,396	1,176,845
Interest expense on investment corporation bonds	112,622	117,779
Amortization of investment corporation bond issuance costs	15,394	16,367
Borrowing related expenses	325,546	315,847
Other non-operating expenses	3,913	2,000
Total non-operating expenses	1,626,875	1,628,839
Ordinary income	11,050,385	11,124,451
Income before income taxes	11,050,385	11,124,451
Income taxes-current (Note 18)	605	605
Net income	¥11,049,780	¥11,123,846
Retained earnings brought forward	369,782	271,962
Unappropriated retained earnings	¥11,419,562	¥11,395,808

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, 2022 and February 28, 2023

	Unitholders' equity						
	Surplus						
	Capital surplus						
	Deductions from capital surplus						
	Number of units issued and out-standing	Unitholders' capital	Capital surplus	Allowance for temporary difference adjustments	Other deductions from capital surplus	Total deductions from capital surplus	Capital surplus, net
	(Units)						
	(Yen in thousands)						
Balance as of February 28, 2022	2,320,000	¥268,042,601	¥247,667,563	¥(3,401,604)	¥—	¥(3,401,604)	¥244,265,959
Changes during the period:							
Distribution in excess of earnings from allowance for temporary difference adjustments	—	—	—	(1,637,920)	—	(1,637,920)	(1,637,920)
Distributions from surplus	—	—	—	—	—	—	—
Net income	—	—	—	—	—	—	—
Net changes of items other than changes of unitholders' equity	—	—	—	—	—	—	—
Total changes during the period	—	—	—	(1,637,920)	—	(1,637,920)	(1,637,920)
Balance as of August 31, 2022	2,320,000	¥268,042,601	¥247,667,563	¥(5,039,524)	¥—	¥(5,039,524)	¥242,628,039
Changes during the period:							
Distribution in excess of earnings from allowance for temporary difference adjustments	—	—	—	(1,839,760)	—	(1,839,760)	(1,839,760)
Other distributions in excess of earnings	—	—	—	—	(44,080)	(44,080)	(44,080)
Distributions from surplus	—	—	—	—	—	—	—
Net income	—	—	—	—	—	—	—
Net changes of items other than changes of unitholders' equity	—	—	—	—	—	—	—
Total changes during the period	—	—	—	(1,839,760)	(44,080)	(1,883,840)	(1,883,840)
Balance as of February 28, 2023	2,320,000	¥268,042,601	¥247,667,563	¥(6,879,284)	¥(44,080)	¥(6,923,364)	¥240,744,199

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, 2022 and February 28, 2023

	Unitholders' equity			Valuation and translation adjustments	
	Surplus			Deferred gains or losses on hedges	Total net assets
	Unappropriated retained earnings	Total surplus	Total unitholders' equity		
(Yen in thousands)					
Balance as of February 28, 2022	¥12,238,902	¥256,504,861	¥524,547,463	¥(369,449)	¥524,178,013
Changes during the period:					
Distribution in excess of earnings from allowance for temporary difference adjustments	—	(1,637,920)	(1,637,920)	—	(1,637,920)
Distributions from surplus	(11,869,120)	(11,869,120)	(11,869,120)	—	(11,869,120)
Net income	11,049,780	11,049,780	11,049,780	—	11,049,780
Net changes of items other than changes of unitholders' equity	—	—	—	99,638	99,638
Total changes during the period	(819,339)	(2,457,259)	(2,457,259)	99,638	(2,357,620)
Balance as of August 31, 2022	¥11,419,562	¥254,047,602	¥522,090,203	¥(269,810)	¥521,820,392
Changes during the period:					
Distribution in excess of earnings from allowance for temporary difference adjustments	—	(1,839,760)	(1,839,760)	—	(1,839,760)
Other distributions in excess of earnings	—	(44,080)	(44,080)	—	(44,080)
Distributions from surplus	(11,147,600)	(11,147,600)	(11,147,600)	—	(11,147,600)
Net income	11,123,846	11,123,846	11,123,846	—	11,123,846
Net changes of items other than changes of unitholders' equity	—	—	—	137,126	137,126
Total changes during the period	(23,753)	(1,907,593)	(1,907,593)	137,126	(1,770,467)
Balance as of February 28, 2023	¥11,395,808	¥252,140,008	¥520,182,609	¥(132,684)	¥520,049,925

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, 2022 and February 28, 2023

	For the fiscal periods ended	
	August 31, 2022	February 28, 2023
	(Yen in thousands)	
Cash flows from operating activities:		
Income before income taxes	¥11,050,385	¥11,124,451
Depreciation and amortization	5,654,048	5,625,660
Amortization of goodwill	1,982,226	1,982,226
Amortization of investment corporation bond issuance costs	15,394	16,367
Amortization of trademark rights	227	16
Loss on retirement of non-current assets	7,538	35,780
Interest income	(185)	(229)
Interest expense	1,282,019	1,294,624
Decrease in operating accounts receivable	15,630	33,230
Decrease in consumption taxes receivable	3,370,380	—
Decrease (increase) in prepaid expenses	(93,508)	1,909
Increase (decrease) in operating accounts and other payable	212,282	(114,042)
Increase (decrease) in accrued consumption taxes	1,549,216	(1,065,148)
Increase (decrease) in accrued expenses	25,704	(9,174)
Decrease in deposits received	(4,390)	(7,249)
Increase in advances received	24,893	15,473
Decrease (increase) in long-term prepaid expenses	(371,786)	100,985
Decrease in allowance for doubtful accounts	(44)	(581)
Other	71,717	15,487
Subtotal	24,791,751	19,049,789
Interest received	185	229
Interest paid	(1,359,520)	(1,365,904)
Income taxes paid	(604)	(611)
Net cash provided by operating activities	23,431,812	17,683,503
Cash flows from investing activities:		
Acquisition of investment properties	(1,604,315)	(1,177,482)
Proceeds from tenant leasehold and security deposits	28,570	20,122
Repayment of tenant leasehold and security deposits	(44,178)	(15,950)
Proceeds from tenant leasehold and security deposits in trust	271,107	481,660
Repayment of tenant leasehold and security deposits in trust	(439,706)	(514,611)
Net cash used in investing activities	(1,788,522)	(1,206,261)
Cash flows from financing activities:		
Proceeds from long-term loans	20,000,000	16,500,000
Repayment of long-term loans	(24,000,000)	(18,500,000)
Proceeds from issuance of investment corporation bonds	3,975,492	1,985,220
Distribution payment	(13,500,704)	(13,028,161)
Net cash used in financing activities	(13,525,212)	(13,042,940)
Net increase in cash and cash equivalents	8,118,077	3,434,301
Cash and cash equivalents at beginning of the period	41,912,097	50,030,174
Cash and cash equivalents at end of the period (Note 3)	¥50,030,174	¥53,464,475

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, 2022 and February 28, 2023

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, 2023, DHR’s portfolio included 230 properties at a total acquisition price of ¥895.1 billion.

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 Securities

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

(f) 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.

(g) 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.

(h) 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.

(i) 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.

(j) Non-Deductible Consumption Taxes

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

(k) 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.

(l) 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.

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, 2022	February 28, 2023
	(Yen in thousands)	
Cash and bank deposits	¥50,030,174	¥53,464,475
Cash and cash equivalents	¥50,030,174	¥53,464,475

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, 2022 and February 28, 2023 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, 2022			February 28, 2023		
	(Yen in thousands)					
Assets	Book value	Fair value	Difference	Book value	Fair value	Difference
(1) Investment securities:						
Held-to-maturity bonds	¥9,480	¥9,035	¥(445)	¥9,497	¥8,536	¥(961)
Total	¥9,480	¥9,035	¥(445)	¥9,497	¥8,536	¥(961)
Liabilities						
(2) Current portion of long-term loans	35,900,000	35,910,947	10,947	42,100,000	42,139,285	39,285
(3) Investment corporation bonds	42,000,000	41,624,295	(375,704)	44,000,000	42,772,675	(1,227,324)
(4) Long-term loans	329,650,000	331,646,778	1,996,778	321,450,000	321,660,216	210,216
Total	¥407,550,000	¥409,182,021	¥1,632,021	¥407,550,000	¥406,572,177	¥(977,822)
(5) Derivatives (*)	¥(269,810)	¥(269,810)	¥—	¥(132,684)	¥(132,684)	¥—

(*) 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 long-term loans and (4) 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.

(3) 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.

(5) Derivatives

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

2. Redemption schedule for monetary claims after August 31, 2022 and February 28, 2023 is as follows:

As of August 31, 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)					
	¥—	¥—	¥—	¥—	¥—	¥10,000
Investment securities	¥—	¥—	¥—	¥—	¥—	¥10,000
Total	¥—	¥—	¥—	¥—	¥—	¥10,000
As of February 28, 2023	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)					
	¥—	¥—	¥—	¥—	¥—	¥10,000
Investment securities	¥—	¥—	¥—	¥—	¥—	¥10,000
Total	¥—	¥—	¥—	¥—	¥—	¥10,000

3. Repayment schedule for investment corporation bonds and long-term loans after August 31, 2022 and February 28, 2023 is as follows:

	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
As of August 31, 2022	(Yen in thousands)					
Investment corporation bonds	¥—	¥—	¥7,400,000	¥—	¥4,000,000	¥30,600,000
Long-term loans (*)	35,900,000	44,700,000	35,100,000	49,100,000	46,500,000	154,250,000
Total	¥35,900,000	¥44,700,000	¥42,500,000	¥49,100,000	¥50,500,000	¥184,850,000
As of February 28, 2023	(Yen in thousands)					
Investment corporation bonds	¥—	¥5,000,000	¥2,400,000	¥4,000,000	¥4,000,000	¥28,600,000
Long-term loans (*)	42,100,000	35,100,000	44,600,000	47,500,000	46,500,000	147,750,000
Total	¥42,100,000	¥40,100,000	¥47,000,000	¥51,500,000	¥50,500,000	¥176,350,000

(*) 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, 2022 and February 28, 2023 are as follows:

	As of					
	August 31, 2022			February 28, 2023		
	(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	¥—	¥—	¥—	¥—	¥—	¥—
Fair value not exceeding the book value						
Held-to-maturity bonds:						
Government bonds	9,480	9,035	(445)	9,497	8,536	(961)
Total	¥9,480	¥9,035	¥(445)	¥9,497	¥8,536	¥(961)

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, 2022			February 28, 2023		
		(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/							
Pay fixed		¥34,000,000	¥21,000,000	¥(269,810) (Note 1)	¥27,000,000	¥17,000,000	¥(132,684) (Note 1)
<u>Special treatment for interest-rate swaps</u>							
Interest-rate swap	Long-term loan						
Receive floating/							
Pay fixed		54,900,000	44,400,000	(Note 2)	44,400,000	44,400,000	(Note 2)
Total		¥88,900,000	¥65,400,000	¥(269,810)	¥71,400,000	¥61,400,000	¥(132,684)

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, 2022 and February 28, 2023, the unamortized balances of goodwill from the Merger were ¥55,502,344 thousand and ¥53,520,117 thousand, respectively.

Note 8 – Investment Properties

As of August 31, 2022 and February 28, 2023, investment properties consist of the following property and equipment and property and equipment in trust.

	As of					
	August 31, 2022			February 28, 2023		
	(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	25,872,104	6,201,445	19,670,659	26,001,521	6,460,002	19,541,519
Structures	246,523	59,111	187,412	263,667	62,288	201,378
Machinery and equipment	478,657	203,957	274,700	484,253	214,501	269,752
Tools, furniture and fixtures	844,097	543,827	300,269	881,294	572,360	308,933
Property and equipment in trust:						
Land	421,990,449	—	421,990,449	421,990,449	—	421,990,449
Buildings	431,538,606	61,256,572	370,282,033	432,623,303	66,118,041	366,505,261
Structures	10,127,725	1,914,446	8,213,278	10,182,640	2,112,985	8,069,655
Machinery and equipment	2,665,397	1,417,998	1,247,399	2,649,669	1,470,540	1,179,129
Tools, furniture and fixtures	1,968,095	1,012,727	955,367	2,162,410	1,130,901	1,031,508
Construction in progress	199,950	—	199,950	4,580	—	4,580
Total	¥917,642,931	¥72,610,086	¥845,032,844	¥918,955,116	¥78,141,623	¥840,813,493

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, 2022	February 28, 2023
	(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, 2022	February 28, 2023
	(Yen in thousands)	
Book value:		
Balance at beginning of the period	¥855,137,285	¥850,815,655
Net change during the period	(4,321,630)	(4,266,764)
Balance at end of the period	¥850,815,655	¥846,548,890
Fair value at end of the period	¥1,046,376,000	¥1,065,580,000

Notes:

1. The book value above includes leasehold rights in trust of ¥5,782,810 thousand and ¥5,735,397 thousand as of August 31, 2022 and February 28, 2023, respectively.
2. For the periods ended August 31, 2022 and February 28, 2023, the decrease is mainly due to depreciation.
3. The fair value at end of the period represents the value assessed by third-party real estate appraisers.

Note 10 – Rental Revenues and Expenses

Rental revenues generated from investment properties and related expenses for the periods ended August 31, 2022 and February 28, 2023 are as follows:

	For the fiscal periods ended	
	August 31, 2022	February 28, 2023
	(Yen in thousands)	
Rental revenues:		
Rental revenues	¥27,524,798	¥27,603,668
Common area charges	560,731	564,179
Subtotal	28,085,530	28,167,848
Other revenues related to property leasing:		
Facility charges	483,228	482,648
Incidental revenues	530,924	571,765
Other revenues	269,304	267,476
Subtotal	1,283,457	1,321,890
Total rental revenues	¥29,368,987	¥29,489,738

	For the fiscal periods ended	
	August 31, 2022	February 28, 2023
	(Yen in thousands)	
Rental expenses:		
Management fees	¥1,614,583	¥1,493,274
Utilities	581,659	698,672
Taxes and public dues	2,396,533	2,395,903
Repairs	892,040	1,021,773
Restoration costs	268,558	240,089
Insurance premiums	51,584	53,899
Custodian fees	58,006	61,602
Depreciation and amortization	5,654,048	5,625,660
Other operating expenses	666,750	692,711
Total rental expenses	¥12,183,764	¥12,283,588
Operating income from property leasing activities	¥17,185,223	¥17,206,150

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

	For the fiscal periods ended			
	August 31, 2022		February 28, 2023	
	(Yen in thousands)			
	Revenue from contracts with customers (Note 1)	Operating revenue from external customers	Revenue from contracts with customers (Note 1)	Operating revenue from external customers
Utilities expenses reimbursements	¥512,387	¥512,387	¥554,109	¥554,109
Other	—	28,856,600	—	28,935,629
Total	¥512,387	¥29,368,987	¥554,109	¥29,489,738

Note:

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.

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

Please refer to Note 2 – “Summary of Significant Accounting Policies, (f) 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) Balance of contract assets and contract liabilities

	For the fiscal periods ended	
	August 31, 2022	February 28, 2023
	(Yen in thousands)	
Receivables arising from contracts with customers (Balance at beginning of the period)	¥161,837	¥242,637
Receivables arising from contracts with customers (Balance at end of the period)	242,637	231,488
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, 2022 and February 28, 2023 are as follows:

	For the fiscal periods ended	
	August 31, 2022	February 28, 2023
	(Yen in thousands)	
Balance at beginning of the period	¥670,889	¥677,259
Increase due to acquisitions of property and equipment	—	—
Accretion expense	6,369	6,436
Balance at end of the period	¥677,259	¥683,696

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, 2022, DHR determined the cash distribution

amount of ¥13,031,440,000 (¥5,617 per unit) by totaling net income of ¥11,049,780,436 and the amount equivalent to goodwill amortization expenses of ¥1,982,226,586, adjusting the fractional parts of amounts less than ¥1 per investment unit. Of this cash distribution amount, ¥11,147,600,000 is distributed as distribution of earnings, ¥1,839,760,000 as distribution in excess of earnings from allowance for temporary difference adjustments and ¥44,080,000 as other distribution in excess of earnings.

For the distribution related to the fiscal period ended February 28, 2023, DHR determined the cash distribution amount of ¥13,105,680,000 (¥5,649 per unit) by totaling net income of ¥11,123,846,132 and the amount equivalent to goodwill amortization expenses of ¥1,982,226,586, adjusting the fractional parts of amounts less than ¥1 per investment unit. Of this cash distribution amount, ¥11,261,280,000 is distributed as distribution of earnings and ¥1,844,400,000 as distribution in excess of earnings from 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, 2022 and February 28, 2023, the balances of allowance for temporary differences are ¥5,039,524 thousand and ¥6,879,284 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, 2022		February 28, 2023	
	(Yen)			
	Total	Per unit	Total	Per unit
Unappropriated retained earnings	¥11,419,562,690		¥11,395,808,822	
Deduction from capital surplus:				
Allowance for temporary difference adjustments	1,839,760,000		1,844,400,000	
Other deductions from capital surplus	44,080,000		—	
	¥13,303,402,690		¥13,240,208,822	
Cash distributions:				
Distribution of earnings	¥11,147,600,000	¥4,805	¥11,261,280,000	¥4,854
Distribution in excess of earnings from allowance for temporary difference adjustments	1,839,760,000	793	1,844,400,000	795
Other distribution in excess of earnings	44,080,000	19	—	—
Total cash distributions	¥13,031,440,000	¥5,617	¥13,105,680,000	¥5,649
Retained earnings carried forward	¥271,962,690		¥134,528,822	

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, 2022 and February 28, 2023. 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, 2022	February 28, 2023
				(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 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
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

Bond series	Issue date	Maturity date	Interest rate	As of	
				August 31, 2022	February 28, 2023
				(Yen in thousands)	
Daiwa House REIT Investment Corporation 15th Unsecured Bonds (Sustainability Bonds)	November 17, 2021	November 17, 2031	0.40	3,000,000	3,000,000
Daiwa House REIT Investment Corporation 16th Unsecured Bonds (Sustainability Bonds)	November 17, 2021	November 17, 2036	0.66	1,000,000	1,000,000
Daiwa House REIT Investment Corporation 17th Unsecured Bonds	December 16, 2021	December 16, 2027	0.24	4,000,000	4,000,000
Daiwa House REIT Investment Corporation 18th Unsecured Bonds (Sustainability-Linked Bonds) (Note 1)	May 25, 2022	May 25, 2029	0.575 (Note 2)	4,000,000	4,000,000
Daiwa House REIT Investment Corporation 19th Unsecured Bonds	December 19, 2022	June 18, 2032	0.77	—	2,000,000
Total				¥42,000,000	¥44,000,000

Notes:

- The “Sustainability-Linked Bonds” refer to the bonds whose terms may change depending on whether or not the predetermined SPT (Sustainability Performance Target) is achieved.
- The initial interest rate applicable from the following day of May 25, 2022 to May 25, 2023 is 0.575% per annum. After May 25, 2023, the interest rate, which is determined annually depending on the achieved level of the SPT on each reference date, will be applied. The SPT is deemed to be achieved when DHR is certified as an “A-List” company, the highest rating under the CDP Climate Change Program. The first reference date is the last day of April 2023, and subsequent reference dates will be the last day of April of each year until the redemption date. The achievement of the SPT will be observed on the reference date every year, and the interest rate will be changed according to the degree of achievement of the SPT as follows:

CDP Score	Interest rate
A	0.550% per annum (Initial interest rate -2.5bp)
A-	0.585% per annum (Initial interest rate +1.0bp)
B / B- / C / C- / D / D- / F	0.600% per annum (Initial interest rate +2.5bp)

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, 2022 and February 28, 2023.

	Due date	As of			
		August 31, 2022		February 28, 2023	
		(Yen in thousands)	Interest rate	(Yen in thousands)	Interest rate
Long-term loans:					
Floating-rate loan (*)	December 28, 2022	¥10,500,000	0.59%	¥—	—%
Floating-rate loan (*)	October 3, 2022	3,000,000	0.87	—	—
Floating-rate loan (*)	September 28, 2022	4,000,000	0.65	—	—
Fixed-rate loan	September 9, 2022	1,000,000	0.43	—	—
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	0.27
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
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

		As of			
		August 31, 2022		February 28, 2023	
	Due date	(Yen in thousands)	Interest rate	(Yen in thousands)	Interest rate
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	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	January 29, 2027	—	—	1,000,000	0.51
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	10,500,000	0.37
Fixed-rate loan	July, 31, 2028	6,850,000	0.42	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	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	October 31, 2030	10,000,000	0.80	10,000,000	0.80
Fixed-rate loan	April 30, 2030	6,500,000	0.75	6,500,000	0.75
Fixed-rate loan	September 30, 2030	—	—	3,000,000	0.87
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	10,500,000	0.56
Fixed-rate loan	September 30, 2031	—	—	4,000,000	0.96
Fixed-rate loan	December 26, 2031	—	—	8,500,000	1.26
Fixed-rate loan	March 31, 2032	3,500,000	0.90	3,500,000	0.90
Fixed-rate loan	August 31, 2033	1,000,000	0.80	1,000,000	0.80
Total long-term loans		365,550,000		363,550,000	
Less: current portion		(35,900,000)		(42,100,000)	
Long-term loans, less current portion		¥329,650,000		¥321,450,000	

(*) 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, 2022 and February 28, 2023 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, 2022 and February 28, 2023 is as follows:

	As of	
	August 31, 2022	February 28, 2023
	(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, 2022 and February 28, 2023 are as follows:

	As of	
	August 31, 2022	February 28, 2023
	(Yen in thousands)	
Due within one year	¥30,603,441	¥30,619,812
Due after one year	178,327,692	¥167,306,637
Total	¥208,931,133	¥197,926,449

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, 2022	February 28, 2023
	(Yen in thousands)	
Deferred tax assets:		
Excess provision of allowance for doubtful accounts	¥640	¥457
Deferred interest income	97,153	74,346
Valuation difference at the time of merger (Land and buildings)	2,109,651	2,038,479
Asset retirement obligations	213,065	215,090
Deferred gains or losses on hedges	84,882	41,742
Amortization of fixed-term land lease rights	226,280	241,196
Other	9,009	8,874
Subtotal	2,740,683	2,620,187
Valuation reserve	(2,740,683)	(2,620,187)
Total deferred tax assets	—	—
Deferred tax liabilities:		
Valuation difference at the time of merger (Investment securities)	¥(598)	¥(578)
Valuation difference at the time of merger (Land and buildings)	(13,266,189)	(13,229,530)
Asset retirement costs	(175,960)	(175,943)
Subtotal	(13,442,748)	(13,406,053)
Valuation reserve	13,442,748	13,406,053
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, 2022	February 28, 2023
Statutory tax rate	31.46%	31.46%
Adjustments:		
Tax-deductible cash distributions paid	(36.71)	(36.70)
Amortization of goodwill	5.64	5.61
Change in valuation reserve	(0.40)	(0.37)
Other	0.01	0.01
Effective tax rate	0.01%	0.01%

Note 19 – Per Unit Information

Earnings per unit for the periods ended August 31, 2022 and February 28, 2023 and net assets per unit as of August 31, 2022 and February 28, 2023 are as follows:

	For the fiscal periods ended	
	August 31, 2022	February 28, 2023
	(Yen)	
Earnings per unit:		
Net income per unit	¥4,762	¥4,794
Weighted average number of units outstanding (units)	2,320,000	2,320,000
	As of	
	August 31, 2022	February 28, 2023
	(Yen)	
Net assets per unit	¥224,922	¥224,159

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 20 – Related-Party Transactions

Related-party transactions for the periods ended August 31, 2022 and February 28, 2023 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 21 – 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, 2022 and February 28, 2023, 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, 2022 and February 28, 2023, 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, 2022 and February 28, 2023, 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, 2022 and February 28, 2023, information about major customers has been omitted.

Note 22 – Subsequent Events

Not applicable.



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, 2023 and August 31, 2022, 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, 2023 and August 31, 2022, 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.

Other Information

The other information comprises the information included in the Semi-Annual Report that contains audited financial statements but does not include the financial statements and our auditor's report thereon. Management is responsible for preparation and disclosure of the other information. Supervisory Directors are responsible for overseeing the Company's reporting process of the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.



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.

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

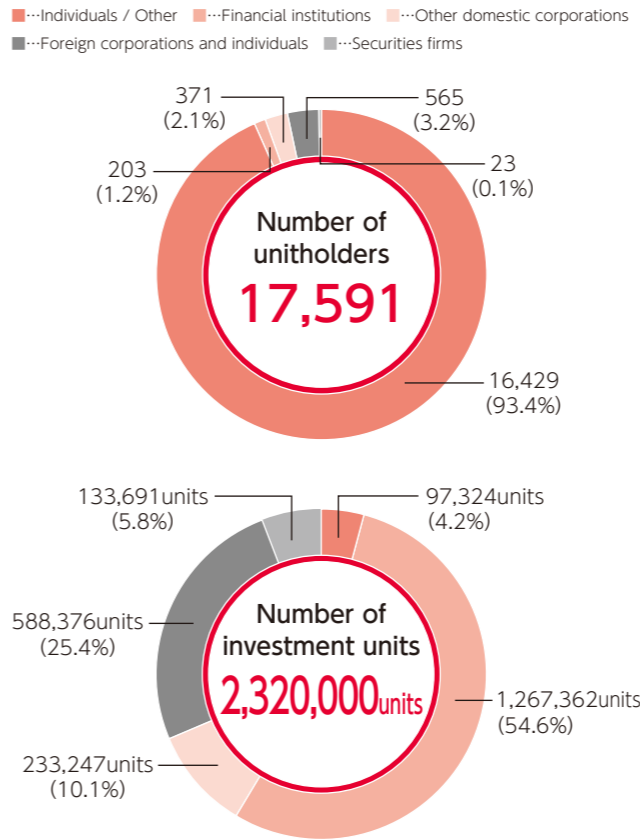
May 22, 2023

金子 秀 嗣
Shuji Kaneko
Designated Engagement Partner
Certified Public Accountant

江 下 聖
Sei Eshita
Designated Engagement Partner
Certified Public Accountant

Investor Information

Unitholders Data (As of February 28, 2023)



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

Abolition of Unitholder Benefit Program

DHR abolished the unitholder benefit program applicable for Daiwa Royal Hotels and Royton Sapporo effective from the fiscal period ended February 28, 2023 due to the transfer of shares of the operating company, Daiwa Resort Co., Ltd. We sincerely appreciate your understanding.

For details, please refer to the DHR press release "Notice Concerning Abolition of Unitholder Benefit Program" dated February 3, 2023.

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.

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%)

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.

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