

## Information on Sustainability Report 2021

In July 2021 we prepared our first Sustainability Report 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.

Sustainability Report is available on DHR's website through the URL below.

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



 Daiwa House REIT Investment Corporation

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

## Semi-Annual Report for the **31<sup>st</sup>** Fiscal Period

From March 1, 2021 to August 31, 2021

 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 31st Fiscal Period Ended August 31, 2021

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

We would like to report on the financial results and give an overview of operations of Daiwa House REIT Investment Corporation (hereinafter referred to as “DHR”) in the 31st fiscal period ended August 31, 2021.

In March 2021 DHR disposed of one residential property with concerns over rising expenses mainly for planned large-scale renovations (disposition price of ¥3.5 billion), recording a gain on sales of ¥2.2 billion. Furthermore, as property replacement, we acquired one relatively new logistics property (acquisition price of ¥5.9 billion) from our sponsor Daiwa House in April 2021, and worked to improve the quality of our portfolio. As a result, DHR's portfolio as of the end of the current fiscal period consisted of 227 properties with an asset size of ¥824.2 billion (total acquisition price). Our occupancy rate at the end of the current fiscal period was 99.3%.

In the Japanese economy today, an overall sense of uncertainty over the future remains due to the serious effects of COVID-19. Even amid these conditions, only a portion of DHR's tenants received rent reductions, and the effects of COVID-19 were minimal. The full-period contributions of properties acquired in the previous fiscal period and the recording of gains on sales mentioned above resulted in operating revenues of ¥29,571 million, operating income of ¥13,116 million, and net income of ¥11,619 million. The total amount of distributions was ¥13,435 million (¥6,118 per unit) after the deduction of an amount equivalent to part of the gain on sale of real estate properties, etc. from net income and the addition of an amount equivalent to amortization of goodwill of ¥1,982 million.

DHR will work to continuously improve unitholder value by ensuring stable revenue and steady growth over the medium to long term, by fully utilizing its sponsor Daiwa House Group's comprehensive strengths and knowhow regarding real-estate development, and by addressing ESG issues through asset management.

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 August 31, 2021

## Distributions

### Distributions Per Unit<sup>(Note 1)</sup>

#### 31st Fiscal Period

(From March 1, 2021 to August 31, 2021)

\*Distribution payments start date is November 15, 2021.

**¥6,118**

### Forecast Distributions Per Unit<sup>(Note 2)</sup>

#### 32nd Fiscal Period

(From September 1, 2021 to February 28, 2022)

**¥5,750**

#### 33rd Fiscal Period

(From March 1, 2022 to August 31, 2022)

**¥5,600**

(Note 1) Distributions per unit for the 31st fiscal period include distributions in excess of earnings of ¥771 (which do not apply to return of capital).

(Note 2) Forecast distributions per unit are forecasts as of October 15, 2021, and the actual amount of distributions per unit may change. These forecasts also do not guarantee the amount of distributions. Furthermore, forecast distributions per unit include distributions in excess of earnings, and we forecast distributions in excess of earnings per unit of ¥784 (which do not apply to return of capital) for the fiscal period ending February 28, 2022 and ¥849 (including return of capital of ¥58) for the fiscal period ending August 31, 2022.

## Operating Results

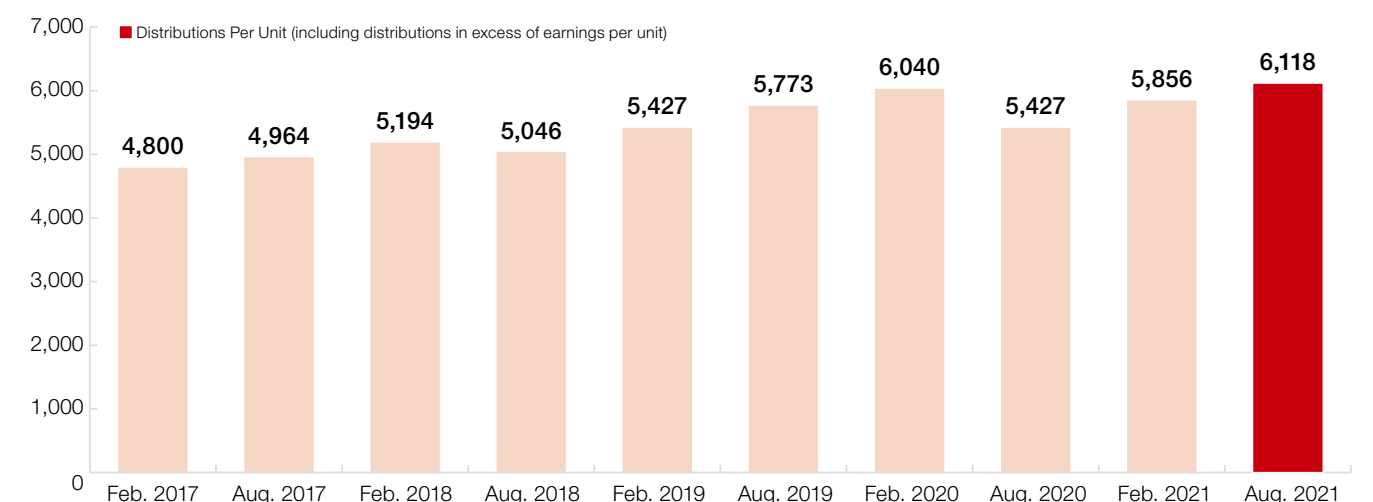
(Yen in millions)

	Fiscal period ended February 28, 2021	Fiscal period ended August 31, 2021
Operating revenues	28,097	29,571
Operating income	12,571	13,116
Net income	11,098	11,619

Asset Size (Acquisition price basis)	Occupancy Rate	LTV (excluding goodwill)	Rating	
¥824.2 billion	99.3%	45.0%	JCR AA	R&I AA-

## Distributions per Unit

(Yen)



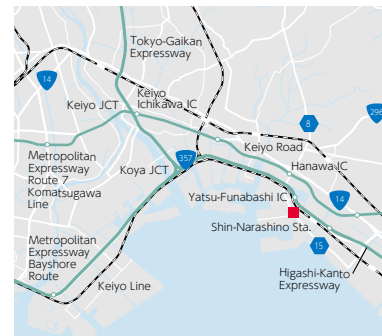
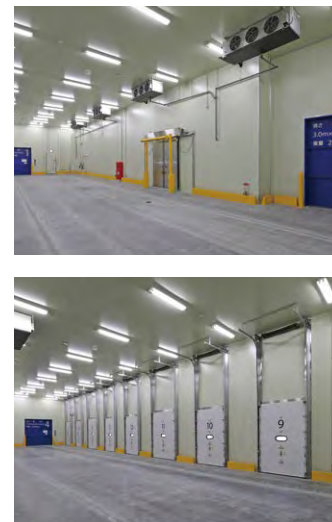
# External Growth/Internal Growth

DHR is carrying out the property replacement set forth in the Mid-Term Growth Strategy and working to improve the quality of the portfolio. In addition, a portion of the gain on sale of properties as a result of property replacement is used for early implementation of large-scale renovations, etc. in order to stabilize future NOI.

## Assets Acquired in the 31st Fiscal Period

### LM-005 DPL Shin-Narashino (acquired in April 2021)

Logistics (multi-tenant type)



Acquisition date	April 1, 2021
Location	Narashino City, Chiba
Date of construction	November 15, 2018
Acquisition price	¥5,930 million
Leasable area	12,686.32 m <sup>2</sup>
Lessee	Not disclosed

## Assets Disposed of in the 31st Fiscal Period

### Big Tower Minami Sanjo

Location	Sapporo City, Hokkaido
Disposition price	¥3,515 million
Appraisal value	¥2,760 million
Gain on sale	¥2,208 million
Date of construction	September 1, 2007
Disposition date	March 1, 2021

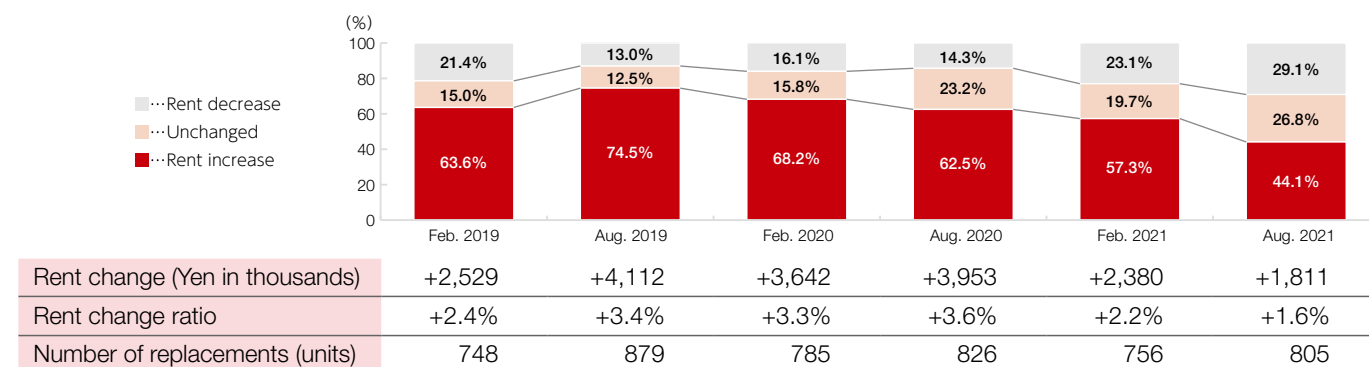
## Assets Disposed of in the 32nd Fiscal Period

### Castalia Ohori Bay Tower

Location	Fukuoka City, Fukuoka
Disposition price	¥3,740 million
Appraisal value	¥3,740 million
Expected gain on sale	¥1,335 million
Date of construction	September 9, 2006
Disposition date	September 30, 2021

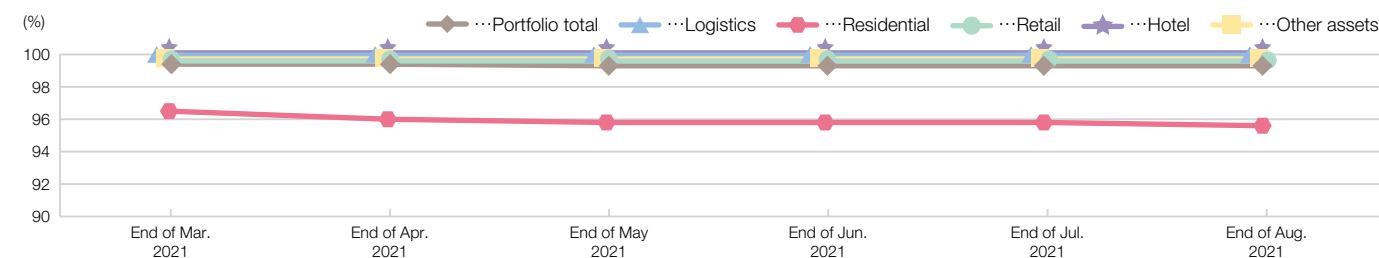
While pursuing steady increase in rent mainly at the residential properties, we continue to maintain stable occupancy rates.

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



## Trend of Occupancy Rate

As of August 31, 2021, the occupancy rate was 99.3%, as we continued to maintain stable operations.



# Public Offering

## Execution of Public Offering (August 2021)

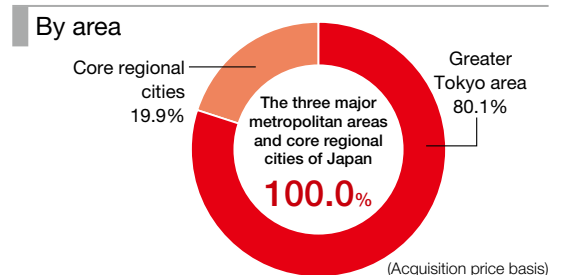
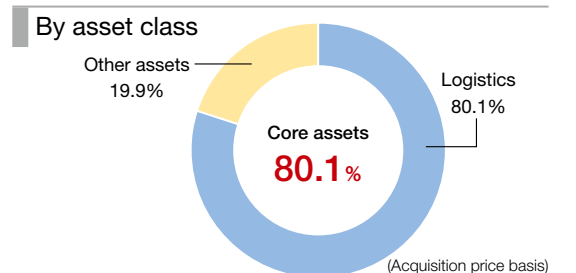
In August 2021, it was resolved to issue 124,000 new investment units through public offering, and ¥37.4 billion of equity was raised.

By raising funds through public offering and new loans, DHR acquired four properties for a total acquisition price of ¥72.3 billion.

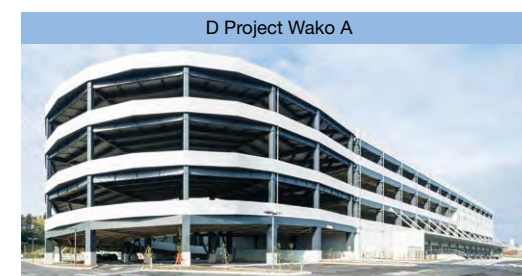
Issuance resolution date	August 18, 2021	Issue price determination date	August 25, 2021
Number of new investment units issued	124,000 units	Number of investment units outstanding after the public offering	2,320,000 units
Issue price (offer price)	¥301,791 per unit	Total issue price (offer price)	¥37,422 million

## Overview of Assets Acquired During September-October 2021

Total acquisition price	¥72.3 billion
NOI yield	4.5%
NOI yield after depreciation	3.4%
Average property age	2.0 years
Percentage of assets acquired from the Daiwa House Group's pipeline	100.0%



Property name	Location	Acquisition price (Yen in millions)	Appraisal value (Yen in millions)	NOI yield	NOI yield after depreciation	Occupancy rate	Property age	Average remaining lease term	Acquisition date
DPL Nagareyama III	Nagareyama City, Chiba	32,000	32,100	4.5%	3.4%	100.0%	1.0 year	Not disclosed	October 1, 2021
D Project Wako A (50% quasi co-ownership interest)	Wako City, Saitama	10,750	11,200	4.0%	3.3%	100.0%	6.4 years	18.6 years	September 3, 2021
D Project Hiratsuka	Hiratsuka City, Kanagawa	15,200	15,200	4.5%	3.4%	100.0%	0.5 years	Not disclosed	October 1, 2021
GRANODE Hiroshima (additional acquisition of 50% quasi co-ownership interest)	Hiroshima City, Hiroshima	14,400	15,350	4.8%	3.4%	99.5%	2.4 years	5.9 years	September 3, 2021
Total/Average		72,350	73,850	4.5%	3.4%	100.0%	2.0 years	6.9 years	





# Portfolio Highlights

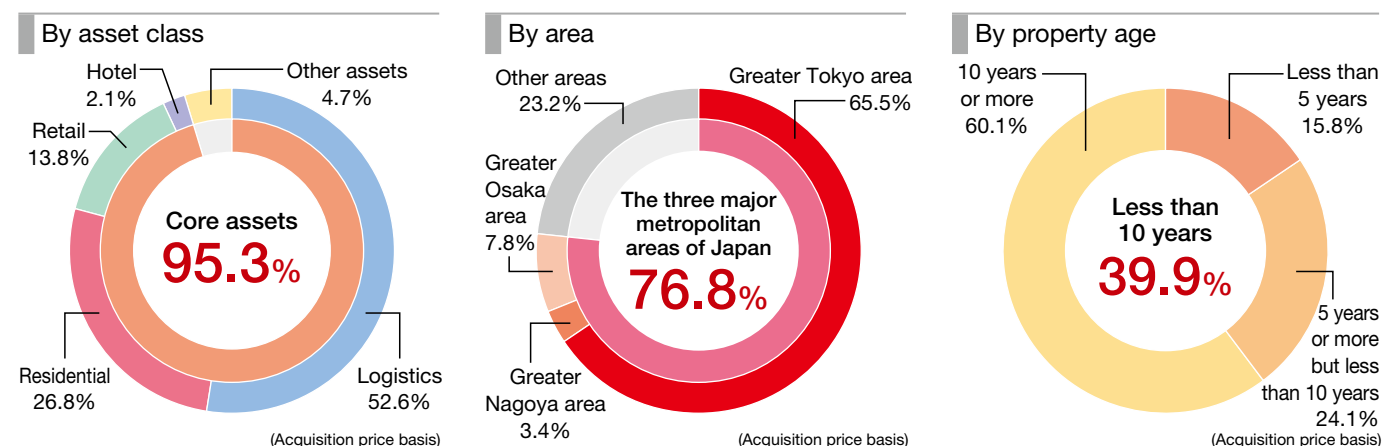
■ Asset Size (acquisition price basis / as of October 1, 2021)

**229** properties    **¥893.7** billion

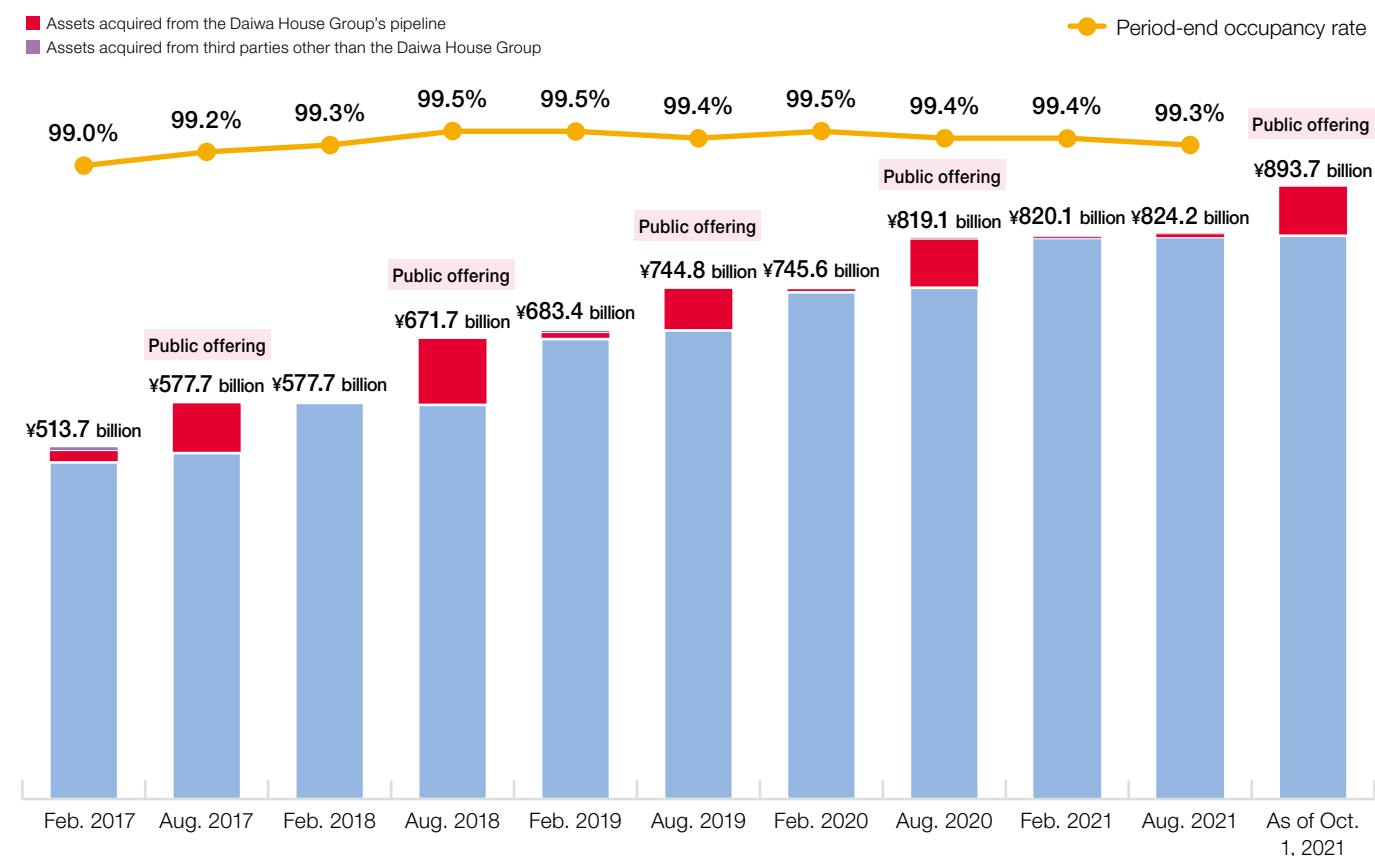
**Logistics**    **66** properties    **¥470.1** billion    **Residential**    **129** properties    **¥239.6** billion

**Retail**    **23** properties    **¥123.2** billion    **Hotel**    **5** properties    **¥19.1** billion

**Other assets**    **6** properties    **¥41.6** billion



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

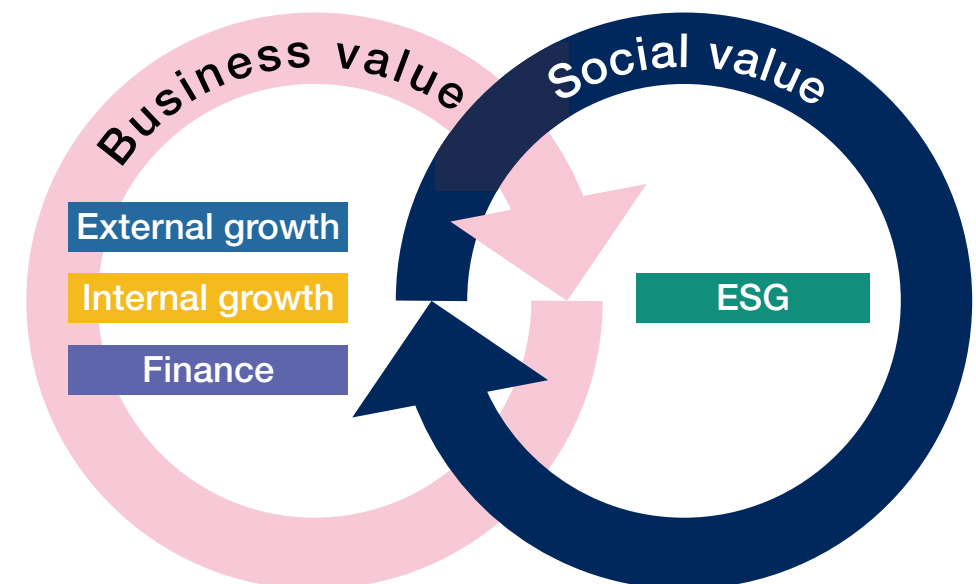


# Future Growth Strategy

■ Formulation of New Growth Strategy (announced in October 2021)

- Stabilized DPU of ¥5,600, which was the target in the Mid-Term Growth Strategy announced in October 2019, is expected to be achieved through property acquisition, etc. in connection with the public offering in August 2021.
- Aiming to maximize unitholder value, DHR formulated a future growth strategy to improve not only business value but also social value

$$\text{Business value (economic value)} \times \text{Social value (non-financial value)} = \text{Maximization of unitholder value}$$



## External growth

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

## Internal growth

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

## Finance

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

## ESG

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

# ESG Initiatives

## Policy on ESG Initiatives

### Sustainability Target

For individual properties, reduce energy consumption and CO<sub>2</sub> emission intensity by 10% in the ten years from 2018 to 2027

## External Evaluation and Global Initiatives on ESG

### 2021 GRESB Assessment

Proactively promoting ESG initiatives and information disclosure

Real Estate Assessment

Green Star

4 Stars



Public Disclosure Rating

A  
(Highest rating)



### 2020 CDP Assessment (First-time participation)

Made it onto the CDP Supplier Engagement Leaderboard as the first listed J-REIT to be named

CDP Supplier Engagement Rating

Supplier Engagement  
Leader  
(Highest rating)



CDP Climate Change Program

A-  
(Leadership level)



### Environmental Certifications

Percentage of assets with environmental certification (gross floor area basis) increased to 64.0%

	DBJ Green Building	BELS	CASBEE
★★★★★	5 properties	11 properties	7 properties
★★★★	8 properties	4 properties	5 properties
★★★	12 properties	4 properties	
★★	5 properties	14 properties	
★		4 properties	
Number of certified properties	30 properties	37 properties	12 properties
Certified rate (gross floor area basis)	48.6%	51.1%	27.0%
Certified rate compared with the end of September 2020	+6.8 points	+16.3 points	+13.9 points

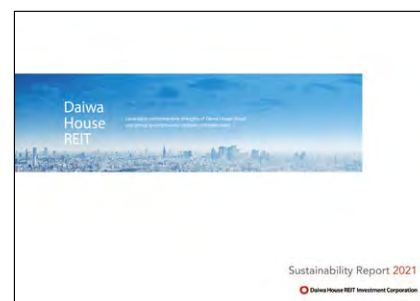
(As of September 30, 2021)

### Publication of Sustainability Report

In July 2021, DHR published its first Sustainability Report

Our Sustainability Report was prepared 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.

Going forward, DHR will keep striving to further enhance its ESG initiatives with respect to its real estate investment management business, while endeavoring to appropriately disclose such performance.



(Note) This report has been prepared based on information on the website as of July 2021. For the latest information thereafter, please refer to the website, which will be updated as needed.

## Progress on ESG Initiatives

### Consideration for the Environment

Significant reductions in greenhouse gas (GHG) emissions by switching to LED lighting, etc.

Fiscal year ended March 2021  
GHG emissions  
(Reduction rate of intensity)

(32.1)%  
Compared to fiscal year  
ended March 2018

### Concluding Green Lease Agreement

Promoting the introduction of green leases, aiming to reduce the environmental impact of held assets through cooperation with tenants

Green lease agreements  
percentage  
(gross floor area basis)

90.1%  
+21.6 points compared to  
end of September 2020

(As of September 30, 2021)

### Examples of Initiatives

Reducing the environmental impact by installing solar panels and using groundwater at some properties



Installation of solar panels  
(DPL Misato)



Proactive groundwater usage  
(ACROSSMALL Shinkamagaya)

### Issuance of Green Bonds

DHR issued its first green bonds in November 2019. DHR also issued green bonds in May 2020 and April 2021, and the outstanding amount of bonds issued has reached ¥15.0 billion as of the publication date of this document.

Outstanding amount of  
green bonds issued

¥15.0 billion

(As of October 1, 2021)

### Initiatives Aimed at Social Contributions

Offering a DHR property as a temporary evacuation facility in event of disaster (DPL Nagareyama I)

DHR has entered into an agreement with Nagareyama City, Chiba, allowing the city to use the DHR property as a temporary evacuation facility for nearby residents and others in the event of large-scale flooding or other disaster.

There are ramps for accessing the vehicle passageways on each floor, allowing evacuees arriving by car to quickly evacuate to the vehicle passageways in the upper floors while remaining in their cars. With evacuees remaining in their cars, it can prevent the spread of COVID-19.



DPL Nagareyama I



Installation of additional storage cabinets

The latest BCP measures have been implemented, including a seismic isolation structure and back-up power supply. The facility can shelter up to 1,200 people in the event of a disaster, and keeps emergency supplies for 500 people.

Installation of additional storage cabinets to improve functionality for use during disasters (August 2021)

### Investment Unit Ownership Program

Introducing the program in the aim of raising awareness for increasing performance and continuous growth of DHR, which will eventually lead to improving medium- to long-term unitholder value by providing officers and employees of the Asset Manager and Daiwa House, which is the parent company of the Asset Manager, with opportunities to purchase investment units of DHR.

Eligibility		Introduction
Daiwa House officers	19 persons (As of June 29, 2021)	November 2018
Asset Manager officers and employees	60 persons (As of April 1, 2021)	November 2019
Daiwa House employees	16,712 persons (As of April 1, 2021)	June 2020

### Same Boat Investment by Daiwa House

Daiwa House has a policy of continuing to hold this investment from the perspective of shared interests between unitholders and DHR's sponsor

Daiwa House's investment in DHR (% of ownership)	191,200 units (8.2%)
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(As of September 28, 2021)



# Major Portfolio Properties

## Logistics properties

LB-005


D Project Urayasu I



## Logistics properties

LM-001

DPL Misato



## Logistics properties

LM-002

DPL Fukuoka Kasuya



## Residential properties

RE-107

Royal Parks Hanakoganei



## Retail properties

RM-003

QIZ GATE URAWA



## Hotel properties

HO-005

Candeo Hotels Nagasaki Shinchi Chinatown



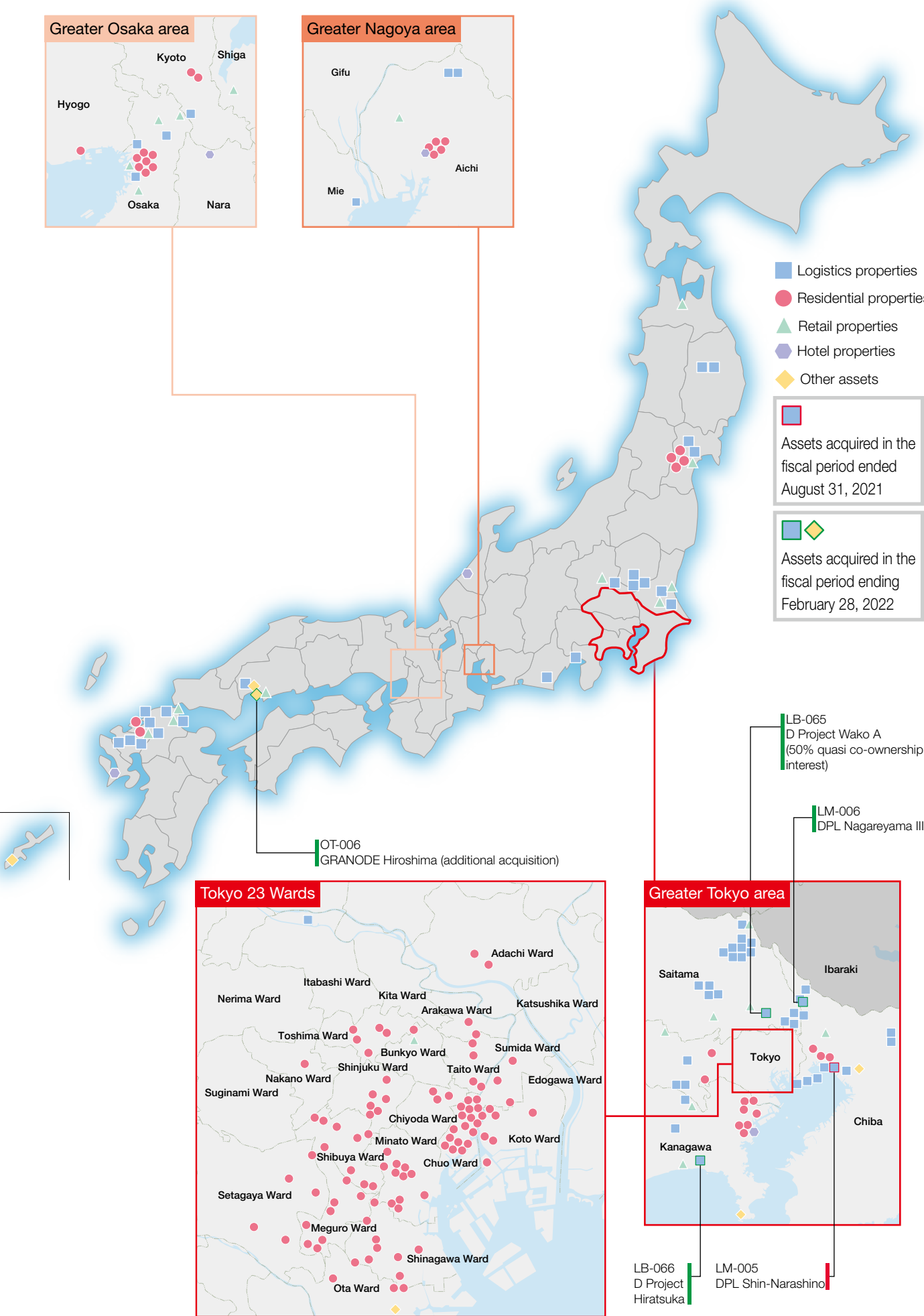
## Other assets

OT-003

Naha Shin-Toshin Center Building



# Portfolio Map (as of October 1, 2021)





# Financial Status

## Financial Policy

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

## Interest-bearing Debt (as of October 1, 2021)

In the fiscal period ended August 31, 2021, to provide for the funds for the repayment of total ¥12,500 million in existing loans, DHR made borrowings of ¥3,000 million on April 1, issued ¥4,000 million in investment corporation bonds on April 15, and made borrowings of ¥5,500 million on April 30. In addition, we took out ¥29,000 million in total in new loans on September 3 and October 1, 2021.

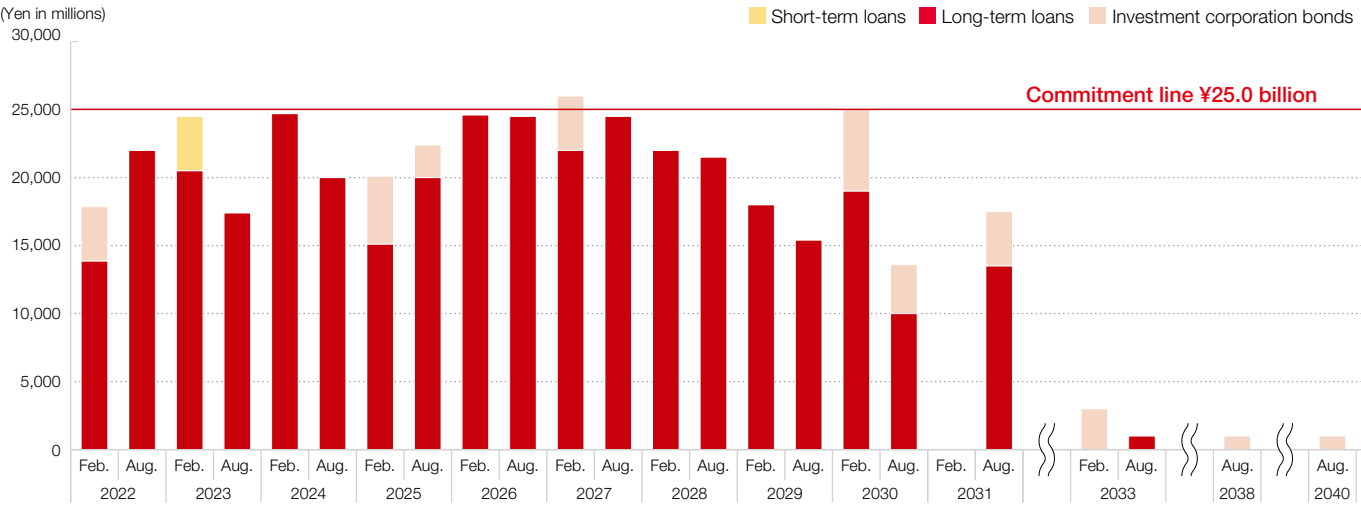
Total interest-bearing debt	¥407,558 million
Total loans	¥373,558 million
Total investment corporation bonds	¥34,000 million
LTV (excluding goodwill)	45.1%
LTV (including goodwill)	42.3%
Long-term interest-bearing debt ratio	88.0%
Fixed interest ratio	96.4%
Average interest rate	0.66%
Average remaining maturity	4.6 years
Commitment line	¥25,000 million

## Breakdown by Lender (as of October 1, 2021)

Lender	Loan balance (Yen in millions)
Sumitomo Mitsui Trust Bank, Limited	64,029
Sumitomo Mitsui Banking Corporation	63,990
MUFG Bank, Ltd.	60,844
Mizuho Bank, Ltd.	56,020
Development Bank of Japan Inc.	20,900
The Norinchukin Bank	16,310
Aozora Bank, Ltd.	13,761
Resona Bank, Limited	13,500
Mizuho Trust & Banking Co., Ltd.	9,878
Shinsei Bank, Limited	7,500
Nippon Life Insurance Company	5,600
Shinkin Central Bank	5,500
Mitsui Sumitomo Insurance Company, Limited	4,500
The Bank of Fukuoka, Ltd.	3,500
The Nishi-Nippon City Bank, Ltd.	3,500
The Dai-ichi Life Insurance Company, Limited	3,500
The Chiba Bank, Ltd.	3,465
The 77 Bank, Ltd.	3,200
The Chugoku Bank, Limited	2,200
The Iyo Bank, Ltd.	2,000
The Bank of Kyoto, Ltd.	2,000
The Yamanashi Chuo Bank, Ltd.	1,500
The Shizuoka Bank, Ltd.	1,260
JAPAN POST INSURANCE Co., Ltd.	1,100
Taiyo Life Insurance Company	1,000
The Yamaguchi Bank, Ltd.	1,000
Kansai Mirai Bank, Limited	1,000
The Keiyo Bank, Ltd.	1,000
Total loans	373,558

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

## Diversifying Debt Maturities (as of October 1, 2021)



# I. Asset Management Report

## 1. Summary of Asset Management

### (1) Historical Operating Results

		27th period August 2019	28th period February 2020	29th period August 2020	30th period February 2021	31st period August 2021
Operating revenues (Note 1)	Yen in millions	24,877	25,018	26,613	28,097	29,571
Of which, real estate rental revenues	Yen in millions	24,722	24,712	26,613	27,260	27,362
Operating expenses	Yen in millions	14,175	14,459	15,039	15,525	16,455
Of which, real estate rental expenses	Yen in millions	10,062	10,278	10,737	11,179	12,081
Operating income	Yen in millions	10,702	10,559	11,574	12,571	13,116
Ordinary income	Yen in millions	9,166	9,126	9,936	11,099	11,619
Net income	Yen in millions	9,166	9,125	9,936	11,098	11,619
Total assets	Yen in millions	841,236	839,931	899,579	901,386	900,310
Period-on-period changes	%	8.2	(0.2)	7.1	0.2	(0.1)
Net assets	Yen in millions	463,170	460,341	491,302	490,586	489,467
Period-on-period changes	%	7.9	(0.6)	6.7	(0.1)	(0.2)
Unitholders' capital	Yen in millions	198,492	198,492	231,766	231,766	231,766
Total number of investment units issued	Units	2,075,000	2,075,000	2,196,000	2,196,000	2,196,000
Net assets per unit	Yen	223,214	221,851	223,725	223,400	222,890
Total distributions	Yen in millions	11,978	12,533	11,917	12,859	13,435
Distributions per unit	Yen	5,773	6,040	5,427	5,856	6,118
Of which, earnings distributions per unit	Yen	5,773	6,040	5,404	5,101	5,347
Of which, distributions in excess of earnings per unit	Yen	—	—	23	755	771
Ordinary income to total assets ratio (Note 2)	%	1.1	1.1	1.1	1.2	1.3
Annualized	%	2.2	2.2	2.3	2.5	2.6
Return on equity (Note 3)	%	2.1	2.0	2.1	2.3	2.4
Annualized	%	4.1	4.0	4.1	4.6	4.7
Equity ratio	%	55.1	54.8	54.6	54.4	54.4
Period-on-period changes		(0.1)	(0.3)	(0.2)	(0.2)	(0.1)
Payout ratio	%	130.6	137.3	119.4	100.9	101.1
<Other Reference Information>						
Rental NOI (Note 4)	Yen in millions	19,424	19,239	21,050	21,352	20,552
FFO per unit (Note 5)	Yen	7,598	7,526	7,789	7,982	7,594
FFO multiple (Note 6)	Times	18.6	17.8	17.9	17.4	21.6
Debt service coverage ratio (Note 7)	Times	14.6	14.8	15.5	16.6	16.8
Interest-bearing debt	Yen in millions	348,768	348,758	376,558	378,558	378,558
Interest-bearing debt to total assets ratio (Note 8)	%	41.5	41.5	41.9	42.0	42.0

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

### (2) Asset Management during the Period

#### i) Transition of DHR

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

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

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

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

#### ii) Performance for the Current Fiscal Period

In March 2021, DHR sold one residential property at a disposition price of ¥3.5 billion. Furthermore, as property replacement, DHR acquired one logistics property for an acquisition price (Note 1) of ¥5.9 billion through the Daiwa House Group (Note 2)’s pipeline in April 2021 with funds in hand. As a result, DHR’s portfolio as of the end of the current fiscal period consists of 227 properties with an asset value of ¥824.2 billion (Note 3).

(Notes) 1. “Acquisition price” is the purchase price stipulated in the respective purchase agreements of assets owned by DHR (not including expenses pertaining to acquisitions, settlement money such as taxes and public dues, consumption taxes, or leasehold guarantee deposits, etc.), except as otherwise noted. However, the acquisition prices of properties previously owned by NCR have been presented as the appraisal values as of February 28, 2010, which were the prices received at the time of the merger with NCR, and the acquisition prices of properties previously owned by the former DHR have been presented as the appraisal values as of August 31, 2016, which were the prices received at the time of the merger with the former DHR. The “total acquisition price” has been rounded down to the nearest unit. The same shall apply hereinafter.  
2. The Daiwa House Group comprises Daiwa House, which is the parent company, 396 consolidated subsidiaries, 59 equity-method affiliates and one non-equity-method affiliate as of June 30, 2021. The Asset Manager is a member of the group. The same shall apply hereinafter.  
3. “Asset value” is the aggregate total of the acquisition prices of respective assets owned by DHR at respective points in time, except as otherwise noted. The same shall apply hereinafter.

#### iii) Overview of Financing

DHR arranged refinancing of ¥3,000 million on April 1, 2021 to provide for the repayment of ¥3,000 million in existing loans due on the same date. Furthermore, DHR issued its 14th Unsecured Investment Corporation Bonds (Green Bonds) at an amount of ¥4,000 million on April 15, 2021 and arranged refinancing of ¥5,500 million on April 30, 2021 to provide for the repayment of ¥9,500 million in existing loans due on April 30, 2021.

As a result, the balance of interest-bearing debt outstanding as of the end of the current fiscal period amounted to ¥378,558 million (loan balance: ¥344,558 million, investment corporation bond balance: ¥34,000 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 42.0%, and its LTV (excluding goodwill) (Note 2) was 45.0%.

(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 ¥939,116 million, and the amount of unrealized gain (Note) on the portfolio, which is the difference compared to the book value, was ¥152,694 million.

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

#### v) Overview of Financial Results

As a result of the investment management activities mentioned above, in the current fiscal period, DHR posted operating revenues of ¥29,571 million, operating income of ¥13,116 million, ordinary income of ¥11,619 million, and net income of ¥11,619 million. Based on its distribution policy, ¥1,982 million in amortization of goodwill was added to net income and ¥166 million corresponding to a portion of gain on sale of real estate properties, etc., was deducted from net income, resulting in ¥13,435 million. From this amount, the total amount of distributions was ¥13,435 million (¥6,118 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 ¥11,742 million (¥5,347 per investment unit) as provided for in Article 136, paragraph 1 of the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, as amended. Hereinafter referred to as the “Investment Trusts Act”) as earnings distributions and an allowance for temporary difference adjustments of ¥1,693 million (¥771 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 August 31, 2021 are as follows:

Date	Event	Total number of investment units issued (Units)		Unitholders' capital (Yen in millions)		Remark
		Change	Balance	Change	Balance	
September 1, 2016	Delivery by allotment due to merger	771,540	1,519,280	—	61,703	(Note 1)
March 21, 2017	Capital increase through public offering	156,720	1,676,000	42,625	104,328	(Note 2)
April 14, 2017	Capital increase through third-party allotment	14,000	1,690,000	3,807	108,136	(Note 3)
March 19, 2018	Capital increase through public offering	222,000	1,912,000	51,607	159,743	(Note 4)
April 13, 2018	Capital increase through third-party allotment	15,000	1,927,000	3,486	163,230	(Note 5)
March 1, 2019	Capital increase through public offering	138,000	2,065,000	32,879	196,110	(Note 6)
March 26, 2019	Capital increase through third-party allotment	10,000	2,075,000	2,382	198,492	(Note 7)
March 2, 2020	Capital increase through public offering	121,000	2,196,000	33,273	231,766	(Note 8)

(Notes) 1. At the time of the Merger, which became effective as of September 1, 2016, DHR allotted 2.2 units of DHR per unit of the former DHR, and as a result, 771,540 new investment units were issued.  
2. Investment units were issued by public offering with an issue price of ¥280,868 per unit (paid-in amount: ¥271,983) in order to raise funds for the acquisition of new properties, etc.  
3. Additional investment units were issued with a paid-in amount of ¥271,983 per unit in order to raise funds for the acquisition of new properties, etc.  
4. 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.  
5. 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.  
6. 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.  
7. 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.  
8. 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.

[Changes in market price of investment securities]

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

	27th period	28th period	29th period	30th period	31st period
Fiscal period ended	August 2019	February 2020	August 2020	February 2021	August 2021
Highest	¥280,800	¥318,000	¥286,500	¥298,300	¥340,000
Lowest	¥241,700	¥269,200	¥181,100	¥240,600	¥272,100
Beginning of period	¥247,200	¥282,000	¥278,500	¥271,900	¥279,300
End of period	¥280,400	¥269,200	¥277,000	¥279,600	¥325,500

## (4) Distributions

For the current fiscal period, of the total amount of ¥13,435,197,801 when combining net income of ¥11,619,603,809 and amortization of goodwill of ¥1,982,226,586 and excluding ¥166,632,594 corresponding to a portion of gain on sale of real estate properties, etc., DHR decided to pay a total of ¥13,435,128,000 in distributions, for distributions per unit of ¥6,118, 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 ¥11,742,012,000 as earnings distributions (¥5,347 per unit) and ¥1,693,116,000 in allowance for temporary difference adjustments as distributions in excess of earnings (¥771 per unit).

	27th period From March 1, 2019 to August 31, 2019	28th period From September 1, 2019 to February 29, 2020	29th period From March 1, 2020 to August 31, 2020	30th period From September 1, 2020 to February 28, 2021	31st period From March 1, 2021 to August 31, 2021
Unappropriated retained earnings (Yen in thousands)	9,166,085	9,125,933	9,936,041	11,877,987	12,295,795
Amount retained as voluntary reserve / retained earnings carried forward (Note) (Yen in thousands)	6,117,477	2,710,410	779,267	676,191	553,783
Total distributions (Yen in thousands)	11,978,975	12,533,000	11,917,692	12,859,776	13,435,128
Distributions per unit (Yen)	5,773	6,040	5,427	5,856	6,118
Of the above, total earnings distributions (Yen in thousands)	11,978,975	12,533,000	11,867,184	11,201,796	11,742,012
Earnings distributions per unit (Yen)	5,773	6,040	5,404	5,101	5,347
Of the above, total capital refunds (Yen in thousands)	—	—	50,508	1,657,980	1,693,116
Capital refunds per unit (Yen)	—	—	23	755	771
Of total capital refunds, total distributions deemed as distributions from the allowance for temporary difference adjustments (Yen in thousands)	—	—	50,508	1,657,980	1,693,116
Of capital refunds per unit, distributions deemed as distributions from the allowance for temporary difference adjustments per unit (Yen)	—	—	23	755	771
Of total capital refunds, total distributions deemed as distributions from capital refunds for tax purposes	—	—	—	—	—
Of capital refunds per unit, distributions deemed as distributions from capital refunds for tax purposes per unit	—	—	—	—	—

(Note) Amount retained as voluntary reserve from 27th period to 28th period indicates the sum of the amount retained as reserve for temporary difference adjustments and reserve for distribution after accumulation and reversal of reserves.

Amount retained as retained earnings carried forward from 29th period and subsequent periods indicates the retained earnings carried forward to the following period.



(5) Future Operating Policies and Issues to Be Addressed

i) Investment Environment

During the current fiscal period, the Japanese economy continued to experience overall challenging conditions due to COVID-19. Amid these conditions, the real GDP growth rate (the 2nd preliminary) showed the first increase in two quarters, increasing by 0.5% from April to June 2021 compared with the previous quarter (1.9% annualized), as the move toward recovery continues. Despite vaccinations being promoted from July as part of policy to stop the spread of COVID-19, the spread of variants of the virus led to a state of emergency being declared, and the overall future remains uncertain.

In the J-REIT market, the prices for investment units rose in a broad range of sectors backed by expectations for economic recovery, and the Tokyo Stock Exchange REIT Index rose to 2,142 points by the end of August 2021.

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

ii) Future Operating Policies and Issues to Be Addressed

(a) Growth Strategy

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

Due to its shift to a diversified portfolio strategy, DHR's portfolio now 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. The Asset Manager's reduction targets of energy consumption (medium- to long-term targets) are to reduce energy consumption and CO2 emission intensity by 10% over the ten-year period from 2018 to 2027.

(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 conduit 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 through initiatives geared toward 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. Issuance of New Investment Units

At the board of directors meetings held on August 18, 2021 and on August 25, 2021, it was resolved to issue new investment units as follows. The payment for the new investment units issued through public offering was completed on September 1, 2021, while the payment for the new investment units issued through third-party allotment was completed on September 28, 2021.

As a result, unitholders' capital amounts to ¥268,042 million, and the total number of investment units issued is 2,320,000 units.

(a) Issuance of new investment units (public offering)

Number of new investment units issued:	115,000 units (Japan: 72,300 units; Overseas: 42,700 units)
Issue price:	¥301,791 per unit
Total issue price:	¥34,705,965,000
Amount paid in (issue value):	¥292,552 per unit
Total amount paid in (issue value):	¥33,643,480,000
Payment date:	September 1, 2021

(b) Issuance of new investment units through third-party allotment

Number of new investment units issued:	9,000 units
Amount paid in (issue value):	¥292,552 per unit
Total amount paid in (issue value):	¥2,632,968,000
Payment date:	September 28, 2021
Allottee:	Nomura Securities Co., Ltd.

B. Acquisition of Assets

DHR acquired the following properties:

Asset name	DPL Nagareyama III
Asset type	Trust beneficiary interest in real estate
Asset class	Logistics properties
Acquisition price (Note 1)	¥32,000 million
Seller (Note 2)	Kabushiki Kaisha Nagareyama Kyodo Kaihatsu
Date of acquisition	October 1, 2021
Asset name	D Project Wako A (50% quasi co-ownership)
Asset type	Trust beneficiary interest in real estate
Asset class	Logistics properties
Acquisition price (Note 1)	¥10,750 million
Seller (Note 2)	Daiwa House
Date of acquisition	September 3, 2021
Asset name	D Project Hiratsuka
Asset type	Trust beneficiary interest in real estate
Asset class	Logistics properties
Acquisition price (Note 1)	¥15,200 million
Seller (Note 2)	Daiwa House Twin City Okami Tokutei Mokuteki Kaisya
Date of acquisition	October 1, 2021
Asset name	GRANODE Hiroshima (additional acquisition of 50% quasi co-ownership) (Note 3)
Asset type	Trust beneficiary interest in real estate
Asset class	Other assets
Acquisition price (Note 1)	¥14,400 million
Seller (Note 2)	Daiwa House
Date of acquisition	September 3, 2021

- (Notes)
1. This figure does not include expenses pertaining to acquisitions, settlement money such as taxes and public dues, consumption taxes, etc.
  2. The following companies are defined as interested parties, etc. in the Investment Trusts Act: Kabushiki Kaisha Nagareyama Kyodo Kaihatsu, which is the seller of DPL Nagareyama III, Daiwa House Twin City Okami Tokutei Mokuteki Kaisya, which is the seller of D Project Hiratsuka, and Daiwa House, which is the seller of D Project Wako A and GRANODE Hiroshima. Therefore, the Asset Manager has gone through the necessary discussion and resolution procedures in accordance with its regulations on transactions with interested parties.
  3. Regarding GRANODE Hiroshima, DHR acquired 50% quasi co-ownership on April 3, 2020, and the additional acquisition of 50% quasi co-ownership resulted in DHR's 100% ownership.



I. Asset Management Report

C. Disposition of Assets  
DHR disposed of the following property:

Asset name	Castalia Ohori Bay Tower
Asset type	Trust beneficiary interest in real estate
Asset class	Residential properties
Disposition price (Note 1)	¥3,740 million
Buyer	Not disclosed (Note 2)
Date of disposition	September 30, 2021

(Notes) 1. This figure does not include expenses pertaining to dispositions, settlement money such as taxes and public dues, consumption taxes, etc.  
2. Undisclosed as consent for disclosure has not been obtained from the buyer.

D. Debt Financing  
DHR conducted debt financing for acquiring the properties mentioned in “B. Acquisition of Assets” above, on September 3, 2021 and October 1, 2021, as follows:

Lender	Borrowing amount (Yen in millions)	Interest rate	Borrowing date	Repayment date	Method of repayment	Collateral
Sumitomo Mitsui Trust Bank, Limited	1,000	Base interest rate (Japanese Bankers Association 1-month yen TIBOR) +0.175% (Floating interest rate)	September 3, 2021	September 2, 2022	Bullet repayment	Unsecured and non-guaranteed
Sumitomo Mitsui Banking Corporation	1,000	Base interest rate (Japanese Bankers Association 1-month yen TIBOR) +0.175% (Floating interest rate)	September 3, 2021	September 2, 2022	Bullet repayment	Unsecured and non-guaranteed
MUFG Bank, Ltd.	1,000	Base interest rate (Japanese Bankers Association 1-month yen TIBOR) +0.175% (Floating interest rate)	September 3, 2021	September 2, 2022	Bullet repayment	Unsecured and non-guaranteed
Mizuho Bank, Ltd.	1,000	Base interest rate (Japanese Bankers Association 1-month yen TIBOR) +0.175% (Floating interest rate)	September 3, 2021	September 2, 2022	Bullet repayment	Unsecured and non-guaranteed
Sumitomo Mitsui Banking Corporation Sumitomo Mitsui Trust Bank, Limited MUFG Bank, Ltd. Mizuho Bank, Ltd. Development Bank of Japan Inc. Mizuho Trust & Banking Co., Ltd. Shinsei Bank, Limited The Yamanashi Chuo Bank, Ltd. Kansai Mirai Bank, Limited Shinkin Central Bank The Bank of Kyoto, Ltd. The Yamaguchi Bank, Ltd.	10,500	0.56419% (Fixed interest rate)	September 3, 2021	August 29, 2031	Bullet repayment	Unsecured and non-guaranteed
The Dai-ichi Life Insurance Company, Limited	1,000	0.800% (Fixed interest rate)	September 3, 2021	August 31, 2033	Bullet repayment	Unsecured and non-guaranteed
Sumitomo Mitsui Trust Bank, Limited The Chiba Bank, Ltd. The 77 Bank, Ltd. Sumitomo Mitsui Banking Corporation MUFG Bank, Ltd. Mizuho Bank, Ltd.	3,000	0.28037% (Fixed interest rate)	October 1, 2021	March 31, 2026	Bullet repayment	Unsecured and non-guaranteed

Lender	Borrowing amount (Yen in millions)	Interest rate	Borrowing date	Repayment date	Method of repayment	Collateral
MUFG Bank, Ltd. Mizuho Bank, Ltd. The Norinchukin Bank Sumitomo Mitsui Trust Bank, Limited Sumitomo Mitsui Banking Corporation Development Bank of Japan Inc. Aozora Bank, Ltd. Resona Bank, Limited THE NISHI-NIPPON CITY BANK, LTD. The Keiyo Bank, Ltd.	10,500	0.37292% (Fixed interest rate)	October 1, 2021	September 29, 2028	Bullet repayment	Unsecured and non-guaranteed



2. Overview of the Investment Corporation

(1) Status of Investment Units

	27th period As of August 31, 2019	28th period As of February 29, 2020	29th period As of August 31, 2020	30th period As of February 28, 2021	31st period As of August 31, 2021
Total number of authorized investment units	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000
Total number of investment units issued	2,075,000	2,075,000	2,196,000	2,196,000	2,196,000
Unitholders' capital (Yen in thousands)	198,492,847	198,492,847	231,766,153	231,766,153	231,766,153
Number of unitholders	17,717	16,349	18,024	19,059	17,839

(2) Matters concerning Investment Units

The major unitholders as of August 31, 2021 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)	404,347	18.4
The Master Trust Bank of Japan, Ltd. (Trust account)	298,936	13.6
Daiwa House Industry Co., Ltd.	189,200	8.6
The Nomura Trust and Banking Co., Ltd. (Investment trust account)	82,031	3.7
Custody Bank of Japan, Ltd. (Securities investment trust account)	66,784	3.0
SMBC Nikko Securities Inc.	60,838	2.8
State Street Bank West Client - Treaty 505234	45,235	2.1
JAPAN SECURITIES FINANCE CO., LTD.	33,334	1.5
SSBTC CLIENT OMNIBUS ACCOUNT	26,669	1.2
State Street Bank and Trust Company 505103	24,973	1.1
Total	1,232,347	56.1

(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 31st period (Yen in thousands)
Executive Director	Toshiharu Asada	–	2,400
Supervisory Directors	Tetsuya Iwasaki	Certified Public Accountant and Enrolled Agent, Citia Certified Public Accountant Firm Outside Director, Uoriki Co., Ltd.	2,100
	Hiroshi Ishikawa	Attorney, Ohhara Law Office Outside Director, Japan Medical Dynamic Marketing, INC.	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 Trusts 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 the DHR is as follows.

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

(5) Asset Manager, Custodian and General Administrators

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



3. Portfolio of DHR

(1) Composition of Assets

The following table provides information about the composition of assets.

Type of assets	Asset class	Area (Note 1)	30th period February 28, 2021		31st period August 31, 2021		
			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	23,576	2.6	23,589	2.6
			Greater Nagoya area	897	0.1	895	0.1
			Greater Osaka area	13,157	1.5	13,176	1.5
		Other	3,315	0.4	3,348	0.4	
	Retail properties	Other	1,471	0.2	1,471	0.2	
	Subtotal		42,418	4.7	42,481	4.7	
Trust beneficiary interests in real estate	Logistics properties	Three major metropolitan areas of Japan	Greater Tokyo area	269,469	29.9	275,029	30.5
			Greater Nagoya area	15,565	1.7	15,469	1.7
			Greater Osaka area	22,469	2.5	22,407	2.5
		Other	87,503	9.7	86,898	9.7	
	Residential properties	Three major metropolitan areas of Japan	Greater Tokyo area	164,743	18.3	164,071	18.2
			Greater Nagoya area	5,810	0.6	5,784	0.6
			Greater Osaka area	5,931	0.7	5,904	0.7
		Other	4,743	0.5	3,510	0.4	
	Retail properties	Three major metropolitan areas of Japan	Greater Tokyo area	32,177	3.6	32,074	3.6
			Greater Nagoya area	2,390	0.3	2,390	0.3
			Greater Osaka area	23,067	2.6	23,045	2.6
		Other	62,880	7.0	62,642	7.0	
	Hotel properties	Three major metropolitan areas of Japan	Greater Tokyo area	4,712	0.5	4,691	0.5
			Greater Nagoya area	4,512	0.5	4,494	0.5
			Greater Osaka area	1,441	0.2	1,432	0.2
		Other	8,273	0.9	8,216	0.9	
	Other assets	Three major metropolitan areas of Japan	Greater Tokyo area	3,237	0.4	3,209	0.4
		Other	23,329	2.6	23,169	2.6	
	Subtotal		742,260	82.3	744,444	82.7	
	Deposits and other assets		116,707	12.9	113,385	12.6	
	Total assets		901,386	100.0	900,310	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 (February 28, 2021 and August 31, 2021), which are rounded down to the nearest million yen. For real estate properties and trust beneficiary interests in real estate (may be referred to as “real estate in trust” or “trust beneficiary interests in real estate”), the amounts are their acquisition prices (including expenses associated with the acquisition) less accumulated depreciation.  
3. “Percentage to total assets” is rounded to the first decimal place.

(2) Principal Assets Held

The overview of principal assets held by DHR as of August 31, 2021 (top ten properties in terms of book value at the end of the period) is as follows:

Property name	Book value (Yen in millions) (Note 1)	Leasable area (m <sup>2</sup> ) (Note 2)	Leased area (m <sup>2</sup> ) (Note 3)	Occupancy rate (%) (Note 4)	Rate to total real estate rental revenues (%) (Note 5)	Primary use
iias Tsukuba	34,015	138,900.39	138,900.39	100.0	3.9	Retail
DPL Nagareyama I	32,413	124,489.93	124,489.93	100.0	(Note 6)	Logistics
D Project Urayasu II	25,404	72,320.01	72,320.01	100.0	(Note 6)	Logistics
DPL Misato	16,369	55,864.47	55,864.47	100.0	(Note 6)	Logistics
D Project Hachioji	14,878	62,394.17	62,394.17	100.0	(Note 6)	Logistics
GRANODE Hiroshima	14,249	14,962.23	14,890.93	99.5	1.8	Other assets
DPL Fukuoka Kasuya	12,937	73,754.20	73,754.20	100.0	(Note 6)	Logistics
D Project Itabashi Shingashi	12,420	33,763.46	33,763.46	100.0	(Note 6)	Logistics
D Project Inuyama	10,282	54,197.80	54,197.80	100.0	(Note 6)	Logistics
D Project Nishiyodogawa	9,691	39,584.80	39,584.80	100.0	(Note 6)	Logistics
Total	182,662	670,231.46	670,160.16	100.0	20.4	–

(Notes) 1. “Book value” is the amount recorded on the balance sheets as of August 31, 2021 (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 August 31, 2021. 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 August 31, 2021. 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 August 31, 2021, 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 August 31, 2021, 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 August 31, 2021 (real estate and real estate in trust, etc.) is as follows:

Asset class	Property name	Location (Note 1)	Form of ownership	Leasable area (m <sup>2</sup> ) (Note 2)	Assessed value at the end of period (Yen in millions) (Note 3)	Book value (Yen in millions) (Note 4)
Logistics properties	D Project Machida	2-1-6, Oyamagaoka, Machida City, Tokyo	Real estate in trust	50,490.39	10,300	9,213
	D Project Hachioji	3-21-1, Minami-Osawa, Hachioji City, Tokyo	Real estate in trust	62,394.17	17,500	14,878
	D Project Aikawa-Machi	4020-12, Aza Sakuradai, Nakatsu, Aikawa-machi, Aiko District, Kanagawa	Real estate in trust	14,240.84	4,690	3,678
	D Project Urayasu I	12-1, Chidori, Urayasu City, Chiba	Real estate in trust	36,515.81	10,100	9,192
	D Project Urayasu II	11-5, Chidori, Urayasu City, Chiba	Real estate in trust	72,320.01	28,200	25,404
	D Project Akanehama	3-2-8, Akanehama, Narashino City, Chiba	Real estate in trust	11,663.39	3,170	2,943
	D Project Noda	1-1, Aza Tamei, Futatsuka, Noda City, Chiba	Real estate in trust	29,232.53	6,720	5,903
	D Project Inuyama	5-5, Aza Takanebora, Inuyama City, Aichi	Real estate in trust	54,197.80	12,290	10,282
	D Project Neyagawa	2-24-12, Shimeno, Neyagawa City, Osaka	Real estate in trust	11,151.51	6,620	5,737
	D Project Morioka	3-18, Ogama-kazabayashi, Takizawa City, Iwate	Real estate in trust	9,558.32	1,150	1,138
	D Project Tsuchiura	20-29, Aza Harayama, Hongo, Tsuchiura City, Ibaraki	Real estate in trust	17,448.86	3,700	3,157
	D Project Fukuoka Umi	384-15, Aza Noguchi, Oaza Ino, Umi-machi, Kasuya District, Fukuoka	Real estate in trust	24,729.56	5,080	4,066
	D Project Tosu	1624, Aza Hasuhara, Himekata-machi, Tosu City, Saga	Real estate in trust	17,858.01	6,300	5,287
	D Project Kuki I	6004-2, Aza Taikoda, Shobu-cho Shobu, Kuki City, Saitama	Real estate in trust	22,708.72	4,570	3,702
	D Project Kuki II	6201-1, Aza Kazarimen, Shobu-cho Sanga, Kuki City, Saitama	Real estate in trust	50,490.00	9,250	7,597
	D Project Kawagoe I	3-2-3, Yoshinodai, Kawagoe City, Saitama	Real estate in trust	16,150.88	4,040	3,368
	D Project Kawagoe II	3-2-4, Yoshinodai, Kawagoe City, Saitama	Real estate in trust	19,872.00	5,620	4,640
	DPL Inuyama	1-8, Aza Nakahiratsuka, Oaza Haguuroshinden, Inuyama City, Aichi	Real estate in trust	21,628.50	4,410	3,721

I. Asset Management Report

Asset class	Property name	Location (Note 1)	Form of ownership	Leasable area (m <sup>2</sup> ) (Note 2)	Assessed value at the end of period (Yen in millions) (Note 3)	Book value (Yen in millions) (Note 4)
Logistics properties	D Project Fukuoka Hakozaki	5-2-1, Hakozakifuto, Higashi Ward, Fukuoka City, Fukuoka	Real estate in trust	34,710.80	4,810	4,143
	D Project Kuki III	6004-1, Aza Taikoda, Shobu-cho Shobu, Kuki City, Saitama	Real estate in trust	26,937.41	8,840	7,181
	D Project Kuki IV	6201-5, Aza Kazarimen, Shobu-cho Sanga, Kuki City, Saitama	Real estate in trust	26,460.00	6,320	5,198
	D Project Kuki V	6201-6, Aza Kazarimen, Shobu-cho Sanga, Kuki City, Saitama	Real estate in trust	47,320.89	9,400	7,836
	D Project Kuki VI	48-3, Kiyoku-cho, Kuki City, Saitama	Real estate in trust	29,244.66	5,830	4,822
	D Project Yashio	50-1, Oaza Shin-machi, Yashio City, Saitama	Real estate in trust	21,965.04	6,900	6,085
	D Project Nishiyodogawa	2-7-48, Nakashima, Nishiyodogawa Ward, Osaka City, Osaka	Real estate in trust	39,584.80	11,900	9,691
	D Project Matsudo	700-3, Aza Nishinooda, Kamihongo, Matsudo City, Chiba	Real estate in trust	26,776.67	8,060	7,065
	D Project Hibiki Nada	3-1-5, Hibiki-machi, Wakamatsu Ward, Kitakyushu City, Fukuoka	Real estate in trust	23,933.75	2,150	1,956
	D Project Morioka II	3-15, Ogama-kazabayashi, Takizawa City, Iwate	Real estate in trust	4,481.00	1,320	1,206
	D Project Kawagoe III	2-8-55, Yoshinodai, Kawagoe City, Saitama	Real estate in trust	39,572.32	8,180	6,859
	D Project Kazo	2-16-1, Okuwa, Kazo City, Saitama	Real estate in trust	18,437.60	3,760	3,196
	D Project Urayasu III	12-1, Chidori, Urayasu City, Chiba	Real estate in trust	39,441.32	9,950	8,487
	D Project Tomisato	7-2, Misawa, Tomisato City, Chiba	Real estate in trust	36,113.25	5,500	4,709
	D Project Kyotanabe	3-50-1, Kannabidai, Kyotanabe City, Kyoto	Real estate in trust	10,965.68	3,950	3,398
	D Project Sendai Izumi	2-9-1, Akedori, Izumi Ward, Sendai City, Miyagi	Real estate in trust	10,764.05	1,620	1,426
	D Project Oyama	2333-34, Aza Atago, Oaza Hari, Oyama City, Tochigi	Real estate in trust	14,106.91	2,080	1,894
	D Project Sano	570-9, Nishiura-cho, Sano City, Tochigi	Real estate in trust	15,668.44	1,880	1,667
	D Project Tatebayashi	110-8, Aza Uchiya, Shimosagawada-cho, Tatebayashi City, Gunma	Real estate in trust	13,521.56	3,330	2,925
	D Project Kakegawa	653-14, Aza Oyabu, Sakagawa, Kakegawa City, Shizuoka	Real estate in trust	39,341.44	6,150	5,725
	D Project Hiroshima Seifu	2-2-1, Tomonishi, Asaminami Ward, Hiroshima City, Hiroshima	Real estate in trust	19,004.72	4,210	3,640
	D Project Tosu II	1621, Aza Hasuhara, Himekata-machi, Tosu City, Saga	Real estate in trust	13,012.50	1,970	1,596
	D Project Kawagoe IV	3-2-1, Yoshinodai, Kawagoe City, Saitama	Real estate in trust	24,684.47	6,260	5,456
	D Project Kuki VII	6004-3, Aza Taikoda, Shobu-cho Shobu, Kuki City, Saitama	Real estate in trust	3,225.46	1,200	1,026
	D Project Chibakita	461-1, Naganumacho, Inage Ward, Chiba City, Chiba	Real estate in trust	24,368.86	8,670	7,476
	D Project Matsudo II	700-1, Aza Nishinooda, Kamihongo, Matsudo City, Chiba	Real estate in trust	25,305.82	8,870	7,969
	D Project Tomisato II	1-6, Misawa, Tomisato City, Chiba	Real estate in trust	40,870.56	7,380	6,624
	D Project Osaka Hirabayashi	2-6-15, Hirabayashikita, Suminoe Ward, Osaka City, Osaka	Real estate in trust	22,485.08	4,350	3,580
	D Project Sendai Izumi II	3-1-1, Akedori, Izumi Ward, Sendai City, Miyagi	Real estate in trust	39,580.46	7,830	6,952
	D Project Kaminokawa	2568-1, Aza Minamihara, Oaza Tako, Kaminokawamachi, Kawachi District, Tochigi	Real estate in trust	52,239.75	8,200	7,593
	D Project Fuji	2261-6, Aza Shiroyama, Obuchi, Fuji City, Shizuoka	Real estate in trust	23,795.40	3,650	3,443
	D Project Tosu III	3-1-3, Yayoigaoka, Tosu City, Saga	Real estate in trust	65,215.07	9,820	8,805
	D Project Kitahachioji I	2969-2, Ishikawamachi, Hachioji City, Tokyo	Real estate in trust	16,523.82	4,670	4,253
	D Project Kitahachioji II	2969-18, Ishikawamachi, Hachioji City, Tokyo	Real estate in trust	21,402.20	6,160	5,638
	D Project Kitahachioji III	2969-19, Ishikawamachi, Hachioji City, Tokyo	Real estate in trust	26,275.05	7,930	7,220
	D Project Itabashi Shingashi	1-2-2, Shingashi, Itabashi Ward, Tokyo	Real estate in trust	33,763.46	13,300	12,420
	D Project Sagamihara	1-2-31, Miyashimo, Chuo Ward, Sagamihara City, Kanagawa	Real estate in trust	16,599.30	4,180	3,827
	D Project Kuki VIII	49-3, Kiyokucho, Kuki City, Saitama	Real estate in trust	29,410.54	6,500	5,971
	D Project Yokkaichi	1947-14, Nakamuracho, Yokkaichi City, Mie	Real estate in trust	6,185.46	1,530	1,466
	D Project Ibaraki Ishioka	6-4, Kashiwabara, Ishioka City, Ibaraki	Real estate in trust	24,493.54	4,290	3,959
	DPL Misato	1-3-5, Inter-Minami, Misato City, Saitama	Real estate in trust	55,864.47	19,400	16,369
	DPL Fukuoka Kasuya	642-1, Aza Sanjyuroku, Oaza Uchihashi, Kasuyamachi, Kasuya District, Fukuoka	Real estate in trust	73,754.20	14,900	12,937
	DPL Kitakyushu	5-14, Sonokitamachi, Kokuraminami Ward, Kitakyushu City, Fukuoka	Real estate in trust	26,672.98	3,700	3,351
	DPL Nagareyama I	1374-1, Aza Taneishita, Nishifukai, Nagareyama City, Chiba	Real estate in trust	124,489.93	34,500	32,413
	DPL Shin-Narashino	1-7-1, Akanehama, Narashino City, Chiba	Real estate in trust	12,686.32	6,160	5,957
	Logistics properties – Subtotal			1,883,908.31	455,270	399,345

Asset class	Property name	Location (Note 1)	Form of ownership	Leasable area (m <sup>2</sup> ) (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	9,720	7,381
	Castalia Azabujuban Shichimenzaka	2-7-5, Azabujuban, Minato Ward, Tokyo	Real estate in trust	3,492.93	4,690	4,108
	Castalia Shibakoen	3-32-10, Shiba, Minato Ward, Tokyo	Real estate in trust	2,707.51	2,520	2,372
	Castalia Ginza	1-14-13, Ginza, Chuo Ward, Tokyo	Real estate in trust	2,226.42	2,530	2,278
	Castalia Hiroo	3-13-3, Nishi Azabu, Minato Ward, Tokyo	Real estate in trust	1,621.59	2,130	2,032
	Castalia Nihonbashi	11-2, Nihonbashi Kabuto-cho, Chuo Ward, Tokyo	Real estate in trust	1,458.73	1,270	1,065
	Castalia Hacchobori	3-27-5, Hacchobori, Chuo Ward, Tokyo	Real estate in trust	2,969.57	2,470	2,017
	Castalia Azabujuban	2-10-1, Azabujuban, Minato Ward, Tokyo	Real estate in trust	2,400.00	2,930	2,766
	Castalia Azabujuban II	2-21-2, Azabujuban, Minato Ward, Tokyo	Real estate in trust	2,094.58	2,740	2,496
	Castalia Shinjuku Natsumezaka	10-1, Kikui-cho, Shinjuku Ward, Tokyo	Real estate in trust	1,917.62	1,720	1,765
	Castalia Ginza II	1-23-4, Ginza, Chuo Ward, Tokyo	Real estate in trust	1,817.56	1,920	1,611
	Castalia Shibuya Sakuragaoka	29-21, Sakuragaoka-cho, Shibuya Ward, Tokyo	Real estate in trust	1,123.80	1,320	1,344
	Castalia Nishi Azabu Kasumicho	1-3-12, Nishi Azabu, Minato Ward, Tokyo	Real estate in trust	2,779.77	2,700	2,297
	Castalia Ochanomizu	3-24-1, Kanda-Ogawamachi, Chiyoda Ward, Tokyo	Real estate in trust	2,559.21	2,480	1,657
	Castalia Sangubashi	4-52-12, Yoyogi, Shibuya Ward, Tokyo	Real estate in trust	1,898.47	1,740	1,457
	Castalia Suitengu	2-8-13, Nihonbashi Kakigaracho, Chuo Ward, Tokyo	Real estate in trust	1,940.94	1,650	1,178
	Castalia Suitengu II	1-38-16, Nihonbashi Kakigaracho, Chuo Ward, Tokyo	Real estate in trust	1,858.34	1,460	1,061
	Castalia Shintomicho	3-10-10, Irifune, Chuo Ward, Tokyo	Real estate in trust	1,444.52	1,200	883
	Castalia Shintomicho II	2-6-4, Irifune, Chuo Ward, Tokyo	Real estate in trust	1,244.54	1,060	793
	Castalia Harajuku	3-55-3, Sendagaya, Shibuya Ward, Tokyo	Real estate in trust	1,225.26	1,080	864
	Castalia Yoyogi Uehara	1-17-16, Uehara, Shibuya Ward, Tokyo	Real estate in trust	811.95	797	640
	Castalia Sendagaya	2-9-10, Sendagaya, Shibuya Ward, Tokyo	Real estate in trust	803.03	714	542
	Castalia Shinjuku 7 chome	7-17-16, Shinjuku, Shinjuku Ward, Tokyo	Real estate in trust	957.60	598	428
	Castalia Ningyocho	7-15, Nihonbashi Tomisawacho, Chuo Ward, Tokyo	Real estate in trust	1,747.90	1,510	865
	Castalia Ningyocho II	8-12, Nihonbashi Tomisawacho, Chuo Ward, Tokyo	Real estate in trust	1,826.80	1,620	961
	Castalia Shin-Ochanomizu	2-3-3, Kanda Awaji-cho, Chiyoda Ward, Tokyo	Real estate in trust	1,308.38	1,210	833
	Castalia Higashi Nihonbashi II	12-11, Nihonbashi Tomisawacho, Chuo Ward, Tokyo	Real estate in trust	2,117.46	1,910	1,247
	Castalia Jinbocho	2-40-8, Kanda-Jinbocho, Chiyoda Ward, Tokyo	Real estate in trust	1,628.80	1,630	1,085
	Castalia Shintomicho III	2-8-8, Irifune, Chuo Ward, Tokyo	Real estate in trust	972.51	863	590
	Castalia Shinjuku Gyoen	2-14-4, Shinjuku, Shinjuku Ward, Tokyo	Real estate in trust	3,594.16	3,570	2,540
	Castalia Takanawadai	3-4-12, Takanawa, Minato Ward, Tokyo	Real estate in trust	1,147.44	1,180	806
	Castalia Higashi Nihonbashi III	3-5-6, Higashi-Nihonbashi, Chuo Ward, Tokyo	Real estate in trust	1,105.20	892	587
	Castalia Shinjuku Gyoen II	1-29-15, Shinjuku, Shinjuku Ward, Tokyo	Real estate in trust	668.79	591	456
	Castalia Shintomicho IV	3-10-8, Irifune, Chuo Ward, Tokyo	Real estate in trust	681.00	556	386
	Castalia Takanawadai II	3-5-6, Takanawa, Minato Ward, Tokyo	Real estate in trust	1,567.84	1,560	1,131
	Castalia Minami Azabu	2-2-27, Minami Azabu, Minato Ward, Tokyo	Real estate in trust	882.67	841	604
	Castalia Ginza III	8-18-2, Ginza, Chuo Ward, Tokyo	Real estate	3,494.42	3,350	2,722
	Castalia Kayabacho	2-1, Nihonbashi Koami-cho, Chuo Ward, Tokyo	Real estate	4,602.95	3,570	2,481
	Castalia Takanawa	2-17-12, Takanawa, Minato Ward, Tokyo	Real estate in trust	10,408.26	9,390	7,313
	Castalia Higashi Nihonbashi	9-14, Nihonbashi Yokoyama-cho, Chuo Ward, Tokyo	Real estate	6,442.28	4,440	3,230
	Castalia Shinjuku	2-6-11, Shinjuku, Shinjuku Ward, Tokyo	Real estate	3,150.80	3,710	2,779
	Castalia Ichigaya	14-4, Ichigaya Yakuoji-machi, Shinjuku Ward, Tokyo	Real estate in trust	1,546.34	1,440	856
	Shibaura Island Bloom Tower	4-20-2, 4-20-3, 4-20-4, Shibaura, Minato Ward, Tokyo	Real estate in trust	16,849.50	9,500	6,225
	Castalia Hatsudai	1-10-9, Honmachi, Shibuya Ward, Tokyo	Real estate in trust	3,077.05	2,560	1,960
	Castalia Hatsudai II	1-33-7, Honmachi, Shibuya Ward, Tokyo	Real estate in trust	2,339.42	2,370	1,825
	Castalia Ebisu	3-15-6, Ebisu, Shibuya Ward, Tokyo	Real estate in trust	1,659.71	1,790	1,376
	Castalia Meguro Kamurozaka	4-31-23, Nishi Gotanda, Shinagawa Ward, Tokyo	Real estate in trust	4,967.97	4,960	3,989
	Castalia Toritsudaigaku	1-4-1, Midorigaoka, Meguro Ward, Tokyo	Real estate in trust	863.70	548	564
	Castalia Yukigaya	2-13-3, Higashi Yukigaya, Ota Ward, Tokyo	Real estate in trust	1,542.30	1,230	975
	Castalia Yutenji	2-14-21, Yutenji, Meguro Ward, Tokyo	Real estate in trust	1,380.35	1,410	1,290
	Castalia Otsuka	3-17-4, Minami Otsuka, Toshima Ward, Tokyo	Real estate in trust	1,871.70	1,730	1,337
	Castalia Kikukawa	2-1-12, Kikukawa, Sumida Ward, Tokyo	Real estate in trust	1,168.18	896	720
	Castalia Meguro	2-1-13, Meguro, Meguro Ward, Tokyo	Real estate in trust	1,414.73	1,270	857
	Castalia Otsuka II	2-32-20, Higashi-Ikebukuro, Toshima Ward, Tokyo	Real estate in trust	1,784.50	1,460	950
	Castalia Jiyugaoka	1-20-1, Jiyugaoka, Meguro Ward, Tokyo	Real estate in trust	1,472.47	1,560	1,170
	Castalia Mejiro	2-8-16, Takada, Toshima Ward, Tokyo	Real estate in trust	1,658.90	1,180	903
	Castalia Ikebukuro	3-1-12, Nishi-Ikebukuro, Toshima Ward, Tokyo	Real estate in trust	3,644.35	3,160	2,374
	Castalia Kaname-cho	5-26-10 Nishi-Ikebukuro, Toshima Ward, Tokyo	Real estate in trust	1,624.06	1,380	1,071
	Castalia Tower Shinagawa Seaside	4-10-18, Higashi Shinagawa, Shinagawa Ward, Tokyo	Real estate in trust	12,732.35	9,780	6,690
	Castalia Yakumo	2-20-5, Yakumo, Meguro Ward, Tokyo	Real estate	1,276.91	891	817
	Castalia Togoshiekimae	1-7-16, Hiratsuka, Shinagawa Ward, Tokyo	Real estate	2,014.12	2,320	1,425
	Castalia Honjo Azumabashi	3-7-11, Honjo, Sumida Ward, Tokyo	Real estate in trust	2,255.88	1,320	951



Asset class	Property name	Location (Note 1)	Form of ownership	Leasable area (m <sup>2</sup> ) (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	922	736
	Castalia Monzennakacho	1-17-12, Fukuzumi, Koto Ward, Tokyo	Real estate in trust	887.94	644	459
	Castalia Kamiikedai	1-4-15, Kamiikedai, Ota Ward, Tokyo	Real estate in trust	414.45	242	175
	Castalia Morishita	1-16-12, Morishita, Koto Ward, Tokyo	Real estate in trust	1,383.90	1,170	770
	Castalia Wakabayashikoen	4-39-4, Wakabayashi, Setagaya Ward, Tokyo	Real estate in trust	1,425.43	934	732
	Castalia Asakusabashi	2-16-21, Yanagi-bashi, Taito Ward, Tokyo	Real estate in trust	1,537.84	1,040	713
	Castalia Iriya	3-1-28, Shitaya, Taito Ward, Tokyo	Real estate in trust	1,415.15	715	501
	Castalia Kita Ueno	1-15-5, Kita-Ueno, Taito Ward, Tokyo	Real estate in trust	4,197.66	3,140	2,397
	Castalia Morishita II	2-12-11, Shin-Ohashi, Koto Ward, Tokyo	Real estate	1,275.60	917	590
	Castalia Minowa	5-24-4, Negishi, Taito Ward, Tokyo	Real estate	2,406.41	1,720	1,293
	Castalia Oyamada	7-14-13, Todoroki, Setagaya Ward, Tokyo	Real estate	857.32	629	507
	Castalia Nakano	2-12-13, Arai, Nakano Ward, Tokyo	Real estate	1,613.86	1,370	974
	Castalia Yoga	1-3-12, Tamagawadai, Setagaya Ward, Tokyo	Real estate	1,472.38	1,210	853
	Castalia Sumiyoshi	2-8-11, Sumiyoshi, Koto Ward, Tokyo	Real estate	1,362.60	1,110	840
	Castalia Monzennakacho II	2-2-9, Tomioka, Koto Ward, Tokyo	Real estate	3,038.98	3,020	1,919
	Castalia Oshiage	3-5-2, Mukoujima, Sumida Ward, Tokyo	Real estate	1,785.24	1,270	946
	Castalia Kuramae	3-9-4, Kuramae, Taito Ward, Tokyo	Real estate	1,994.93	1,610	1,096
	Castalia Nakanobu	4-7-11, Nakanobu, Shinagawa Ward, Tokyo	Real estate in trust	2,421.82	2,540	1,632
	Royal Parks Toyosu	3-5-21, Toyosu, Koto Ward, Tokyo	Real estate in trust	18,112.03	10,800	5,627
	Castalia Togoshi	5-2-1, Togoshi, Shinagawa Ward, Tokyo	Real estate in trust	2,629.59	2,550	1,525
	Castalia Ooimachi	4-2-11, Ooi, Shinagawa Ward, Tokyo	Real estate	1,413.75	1,710	1,108
	Castalia Omori	1-19-20, Omori kita, Ota Ward, Tokyo	Real estate in trust	2,046.36	1,900	1,397
	Castalia Mishuku	1-3-39, Taishidou, Setagaya Ward, Tokyo	Real estate in trust	2,640.86	2,470	1,769
	Castalia Arakawa	2-3-1, Arakawa, Arakawa Ward, Tokyo	Real estate in trust	3,797.92	2,360	1,512
	Castalia Omori II	1-8-13, Omori kita, Ota Ward, Tokyo	Real estate in trust	2,818.70	3,160	2,191
	Castalia Nakameguro	1-18-7, Aobadai, Meguro Ward, Tokyo	Real estate in trust	3,166.71	5,000	3,729
	Castalia Meguro Chojyamaru	2-8-1, Kamiosaki, Shinagawa Ward, Tokyo	Real estate in trust	2,123.77	2,650	1,977
	Castalia Meguro Takaban	1-6-19, Takaban, Meguro Ward, Tokyo	Real estate in trust	1,961.52	2,120	1,722
	Castalia Omori III	5-21-11, Minami-ooi, Shinagawa Ward, Tokyo	Real estate in trust	2,004.80	1,900	1,436
	Castalia Meguro Tairamachi	1-23-8, Tairamachi, Meguro Ward, Tokyo	Real estate in trust	1,278.52	1,420	1,176
	Royal Parks SEASIR	1-16-2, Nishiarai Sakae-cho, Adachi Ward, Tokyo	Real estate in trust	17,269.74	5,180	3,868
	Castalia Honkomagome	6-21-2, Honkomagome, Bunkyo Ward, Tokyo	Real estate in trust	2,224.41	1,970	1,472
	Cosmo Heim Musashikosugi	2-8, Kizuki Ise-cho, Nakahara Ward, Kawasaki City, Kanagawa	Real estate in trust	4,208.83	2,210	1,648
	Castalia Tsurumi	3-5-10, Tsurumi Chuo, Tsurumi Ward, Yokohama City, Kanagawa	Real estate in trust	1,452.09	804	568
	Castalia Funabashi	4-4-8, Honcho, Funabashi City, Chiba	Real estate in trust	1,552.01	839	666
	Castalia Nishi Funabashi	4-19-16, Nishi Funa, Funabashi City, Chiba	Real estate in trust	1,597.32	1,010	718
	Castalia Nogeeyama	1-8-1, Hinodecho, Naka Ward, Yokohama City, Kanagawa	Real estate in trust	744.90	347	300
	Castalia Ichikawa	1-24-3, Ichikawa, Ichikawa City, Chiba	Real estate in trust	876.89	583	407
	Royal Parks Hanakoganei	1-8-2, Hanakoganei, Kodaira City, Tokyo	Real estate in trust	18,153.57	6,730	4,576
	Castalia Musashikosugi	2-21, Imaikami-cho, Nakahara Ward, Kawasaki City, Kanagawa	Real estate in trust	2,179.80	2,010	1,606
	Royal Parks Wakabadai	2-1-1, Wakabadai, Inagi City, Tokyo	Real estate in trust	21,367.93	4,870	3,548
	Pacific Royal Court Minatomirai Urban Tower	5-3-3, Minatomirai, Nishi Ward, Yokohama City, Kanagawa	Real estate in trust	26,294.49	11,700	7,621
	L-Place Shinkoyasu	3-298-1, Koyasu-dori, Kanagawa Ward, Yokohama City, Kanagawa	Real estate in trust	3,009.74	2,230	1,612
	Royal Parks Musashikosugi	13-8, Aza Shinjuku-kochi, Nakamaruko, Nakahara Ward, Kawasaki City, Kanagawa	Real estate in trust	3,808.97	1,380	921
	Castalia Sakaisuji Honmachi	1-3-7, Kyutarochi, Chuo Ward, Osaka City, Osaka	Real estate in trust	3,471.39	1,930	1,261
	Castalia Shin-Umeda	6-8-21, Nakatsu, Kita Ward, Osaka City, Osaka	Real estate in trust	3,279.90	1,740	1,223
	Castalia Abeno	2-4-37, Abeno-Suji, Abeno Ward, Osaka City, Osaka	Real estate	10,920.75	5,860	4,027
	Castalia Sakae	4-16-10, Sakae, Naka Ward, Nagoya City, Aichi	Real estate	2,836.00	1,300	895
	Castalia Higashi Hie	5-31, Hie-cho, Hakata Ward, Fukuoka City, Fukuoka	Real estate	3,061.60	1,130	846
	Castalia Tower Nagahoribashi	1-15-25, Shimanouchi, Chuo Ward, Osaka City, Osaka	Real estate	8,747.40	4,900	2,840
	Castalia Sannomiya	3-2-31, Isobedori, Chuo Ward, Kobe City, Hyogo	Real estate	3,071.60	1,580	1,074
	Castalia Kotodaikoen	3-10-24, Kokubun-cho, Aoba Ward, Sendai City, Miyagi	Real estate	1,684.10	588	393
	Castalia Ichibancho	1-6-27, 1-6-30, Ichibancho, Aoba Ward, Sendai City, Miyagi	Real estate	2,800.32	979	668
	Castalia Omachi	2-5-8, Omachi, Aoba Ward, Sendai City, Miyagi	Real estate	2,149.08	847	579
	Castalia Uemachidai	4-1-12, Uehonmachi Nishi, Chuo Ward, Osaka City, Osaka	Real estate	5,415.39	2,930	1,976
	Castalia Tower Higobashi	1-2-24, Tosabori, Nishi Ward, Osaka City, Osaka	Real estate	6,230.20	3,720	2,290
	Castalia Fushimi	1-8-49, Nishiki, Naka Ward, Nagoya City, Aichi	Real estate in trust	7,022.69	3,200	1,873

Asset class	Property name	Location (Note 1)	Form of ownership	Leasable area (m <sup>2</sup> ) (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, Meiekinami, Nakamura Ward, Nagoya City, Aichi	Real estate in trust	1,822.10	1,010	630
	Castalia Yakuin	2-3-13, Imaizumi, Chuo Ward, Fukuoka City, Fukuoka	Real estate	2,784.83	1,270	860
	Castalia Mibu	79, Mibu Aiai-cho, Nakagyo Ward, Kyoto City, Kyoto	Real estate in trust	2,828.39	1,580	1,042
	Castalia Tsutsujigaoka	4-2-35, Shintera, Wakabayashi Ward, Sendai City, Miyagi	Real estate in trust	4,471.11	1,880	1,118
	Castalia Ohori Bay Tower	1-6-6, Minato, Chuo Ward, Fukuoka City, Fukuoka	Real estate in trust	11,089.75	3,740	2,391
	Royal Parks Namba	2-2-40, Minato machi, Naniwa Ward, Osaka City, Osaka	Real estate in trust	10,354.15	2,970	2,375
	Castalia Shigahondori	1-15-2, Wakabadori, Kita Ward, Nagoya City, Aichi	Real estate in trust	5,086.69	2,300	1,505
	Castalia Kyoto Nishioji	100-1, Shichijyo Goshonouchi Minamimachi, Shimogyo Ward, Kyoto City, Kyoto	Real estate	2,035.37	1,120	967
	Castalia Ningyocho III	1-2-3, Nihonbashi Ningyocho, Chuo Ward, Tokyo	Real estate in trust	2,897.06	2,820	1,941
	Royal Parks Umejima	5-25-33, Umeda, Adachi Ward, Tokyo	Real estate in trust	6,828.78	2,170	1,855
	Castalia Shinsakae II	1-29-21, Shinsakae, Naka Ward, Nagoya City, Aichi	Real estate in trust	4,425.46	2,020	1,775
	Residential properties – Subtotal			455,837.48	304,277	220,279
	ACROSSMALL Shinkamagaya	2-12-1, Shin-Kamagaya, Kamagaya City, Chiba	Real estate in trust	41,742.84	8,690	7,326
	FOLEO Hirakata	1-20-10, Koyamichi, Hirakata City, Osaka	Real estate in trust	16,390.96	4,670	4,373
	QIZ GATE URAWA	3720, Aza Fudodani, Oaza Nakao, Midori Ward, Saitama City, Saitama	Real estate in trust	9,720.49	4,460	4,122
	UNICUS Takasaki	1150-5, Aza Nishikanai, Iizuka-machi, Takasaki City, Gunma	Real estate in trust	9,277.08	3,220	2,893
	ACROSSPLAZA Miyoshi (Land)	855-403, Aza Kitashinno, Oaza Fujikubo, Miyoshi-machi, Iruma District, Saitama	Real estate in trust	24,018.00	3,960	3,740
	DREAM TOWN ALI	3-1-1, Hamada, Aomori City, Aomori	Real estate in trust	22,196.81	8,240	7,812
	ASOBOX (Land)	2-2-16, Nakatsuguchi, Kokura Kita Ward, Kitakyushu City, Fukuoka	Real estate in trust	11,207.90	1,960	1,617
	FOLEO Ome Imai	3-10-9, Imai, Ome City, Tokyo	Real estate in trust	8,637.91	3,950	3,686
Retail properties	FOLEO Otsu Ichiriyama	7-1-1, Ichiriyama, Otsu City, Shiga	Real estate in trust	62,917.73	8,750	8,031
	FOLEO Hakata	1-14-46, Higashinaka, Hakata Ward, Fukuoka City, Fukuoka	Real estate in trust	23,230.77 (Note 5)	3,720	3,081
	ACROSSMALL Semboku (Land)	5-456-67, Harayamadai, Minami Ward, Sakai City, Osaka	Real estate in trust	30,824.72	3,880	3,383
	Iias Tsukuba	5-19, Kenkyugakuen, Tsukuba City, Ibaraki	Real estate in trust	138,900.39	34,300	34,015
	LIFE Sagamihara Wakamatsu	5-19-5, Wakamatsu, Minami Ward, Sagamihara City, Kanagawa	Real estate in trust	2,973.44	1,850	1,640
	FOLEO Sendai Miyanomori	4-14-5, Higashisendai, Miyagino Ward, Sendai City, Miyagi	Real estate in trust	19,845.72	7,520	6,818
	ACROSSPLAZA Inazawa (Land)	5-1-1, Otsuka Minami, Inazawa City, Aichi	Real estate in trust	31,981.70	2,600	2,390
	Sports Depo and GOLF5 Kokurahigashi IC Store	2-18-17, Kamikuzuhara, Kokuraminami Ward, Kitakyushu City, Fukuoka	Real estate in trust	8,899.89	2,460	2,117
	Hiratsuka Retail Property (Land)	1-2, Kuryozutsumi, Hiratsuka City, Kanagawa	Real estate in trust	28,002.92	6,700	5,857
	Royal Home Center Morinomiya (Land)	1-540-1, Tamatsukuri, Chuo Ward, Osaka City, Osaka	Real estate in trust	6,669.74	5,280	4,541
	Aoyama Tailor Bunkyo Sengoku Ekimae Store	2-29-21, Honkomagome, Bunkyo Ward, Tokyo	Real estate in trust	1,066.95	779	765
	FOLEO Shobu	6006-1, Aza Terada, Shobu, Shobucho, Kuki City, Saitama	Real estate in trust	19,104.17	5,120	4,934
	Hapias Kaita (Land)	2-1262-11, Une, Kaita-cho, Aki District, Hiroshima	Real estate	13,415.52	1,530	1,471
	COMBOX310	1-107-1, Miyamachi, Mito City, Ibaraki	Real estate in trust	30,517.69	4,670	4,286
	Sports Plaza Ibaraki	6-2, Eidai-cho, Ibaraki City, Osaka (Retail Building) 9-22, Eidai-cho, Ibaraki City, Osaka (Land of Parking Garage)	Real estate in trust	9,470.27	2,770	2,693
	Retail properties – Subtotal			571,013.61	131,079	121,602
Hotel properties	Daiwa Roynet Hotel Yokohama Kannai	2-7-4, Hagoromocho, Naka Ward, Yokohama City, Kanagawa	Real estate in trust	7,932.37	5,030	4,691
	Super Hotel JR Nara Station Sanjo Street	500-1, Sanjo-cho, Nara City, Nara	Real estate in trust	2,637.18	1,480	1,432
	Daiwa Roynet Hotel Nagoya Shinkansenguchi	1-23, Tsubakicho, Nakamura Ward, Nagoya City, Aichi	Real estate in trust	7,605.41	4,320	4,494
	AGORA Kanazawa	2-25-17, Katamachi, Kanazawa City, Ishikawa	Real estate in trust	7,011.58	5,210	5,101
	Candeo Hotels Nagasaki Shinchi Chinatown	3-12 Doza-machi, Nagasaki City, Nagasaki	Real estate in trust	6,770.65	3,140	3,115
Hotel properties – Subtotal				31,957.19	19,180	18,835

Asset class	Property name	Location (Note 1)	Form of ownership	Leasable area (m <sup>2</sup> ) (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	1,280	799
	Aburatsubo Marina HILLS	1523-1, Aza Shirasu, Misaki-machi Moroiso, Miura City, Kanagawa	Real estate in trust	3,901.14	1,230	1,006
	Naha Shin-Toshin Center Building (Daiwa Roynet Hotel Naha-Omoromachi)	1-1-12, Omoromachi, Naha City, Okinawa	Real estate in trust	13,480.00	8,120	7,120
	Sharp Hiroshima Building	2-13-4, Nishihara, Asaminami Ward, Hiroshima City, Hiroshima	Real estate in trust	3,064.89	1,950	1,798
	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	1,383
	GRANODE Hiroshima	3-5-7, Futabanosato, Higashi Ward, Hiroshima City, Hiroshima	Real estate in trust	14,962.23	15,350	14,249
	Other – Subtotal			40,931.38	29,310	26,358
	Total			2,983,647.97	939,116	786,421

- (Notes) 1. "Location" means displayed address of each real estate or each real estate in trust. If a property does not have a displayed address, the address of the building in the register (when there is more than one address, any of them) is shown. For land properties, the address of the land in the register is shown as location.
2. "Leasable area" means the leasable area of the building (or land in the case of land properties) in relation to each real estate or each real estate in trust and the figures stated refer to the area DHR believes is leasable as indicated in the relevant lease agreement or drawing of the building, etc. in relation to each real estate or each real estate in trust as of August 31, 2021. In the cases of each co-owned real estate or quasi co-owned trust beneficiary interests, the leasable area of the entire real estate multiplied by the ratio of co-ownership of the real estate or quasi co-ownership of the trust beneficiary interests in real estate held by DHR is provided.
3. "Assessed value at the end of period" is the appraisal value as of August 31, 2021 provided by real estate appraisers (Daiwa Real Estate Appraisal Co., Ltd., Chuo Real Estate Appraisal Co., Ltd., The Tanizawa Sōgō Appraisal Co., Ltd., Japan Real Estate Institute and JLL Mori Valuation & Advisory K.K.) in accordance with the Articles of Incorporation of DHR as well as "Regulations on Accounting of Investment Corporations." The amounts are rounded down to the nearest million yen. There is no special interest between DHR and each real estate appraiser.
4. "Book value" is the amount recorded on the balance sheets as of August 31, 2021 (in the case of real estate and real estate in trust, "Book value" is the acquisition price (including expenses associated with the acquisition) less accumulated depreciation), which is rounded down to the nearest million yen.
5. Separately from the building of this property, a part of the land of this property is leased to the lessee for the purpose of subleasing to Fukuoka Prefecture and other third parties as land for a police station, etc. Therefore, the area of such leased land is not included in the leasable area.

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

Asset class	Property name	30th period (From September 1, 2020 to February 28, 2021)			31st period (From March 1, 2021 to August 31, 2021)		
		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	129,912	0.5	100.0	132,010	0.5
	D Project Tosu	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Kuki I	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Kuki II	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Kawagoe I	100.0	102,933	0.4	100.0	102,933	0.4
	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	161,023	0.6	100.0	161,023	0.6
	D Project Kuki VII	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Chibakita	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Matsudo II	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Tomisato II	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Osaka Hirabayashi	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Sendai Izumi II	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Kaminokawa	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Fuji	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Tosu III	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Kitahachioji I	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Kitahachioji II	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Kitahachioji III	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)



Asset class	Property name	30th period (From September 1, 2020 to February 28, 2021)			31st period (From March 1, 2021 to August 31, 2021)		
		Occupancy rate (as of the end of period)	Rental revenues (during the period) (Yen in thousands)	Rate to total real estate rental revenues (%) (Note 2)	Occupancy rate (as of the end of period)	Rental revenues (during the period) (Yen in thousands)	Rate to total real estate rental revenues (%) (Note 2)
		(%) (Note 1)			(%) (Note 1)		
Logistics properties	D Project Itabashi Shingashi	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Sagamihara	100.0	102,828	0.4	100.0	102,828	0.4
	D Project Kuki VIII	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Yokkaichi	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Ibaraki Ishioka	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	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)
	Logistics properties – Subtotal	100.0	12,005,812	44.0	100.0	12,266,339	44.8
Residential properties	Qiz Ebisu	92.0	241,026	0.9	93.8	253,916	0.9
	Castalia Azabujuban Shichimenzaka	91.5	113,845	0.4	96.0	115,328	0.4
	Castalia Shibakoen	93.3	70,675	0.3	95.5	67,423	0.2
	Castalia Ginza	92.5	68,205	0.3	86.2	65,221	0.2
	Castalia Hiroo	97.5	52,692	0.2	100.0	54,420	0.2
	Castalia Nihonbashi	84.3	36,104	0.1	86.3	36,698	0.1
	Castalia Hacchobori	90.8	66,854	0.2	93.3	65,943	0.2
	Castalia Azabujuban	98.5	76,484	0.3	96.7	74,810	0.3
	Castalia Azabujuban II	100.0	64,924	0.2	90.5	67,248	0.2
	Castalia Shinjuku Natsumezaka	96.9	47,423	0.2	98.5	49,486	0.2
	Castalia Ginza II	95.9	52,304	0.2	92.1	51,834	0.2
	Castalia Shibuya Sakuragaoka	100.0	34,642	0.1	85.9	35,875	0.1
	Castalia Nishi Azabu Kasumicho	95.4	75,295	0.3	88.2	75,334	0.3
	Castalia Ochanomizu	100.0	60,310	0.2	100.0	62,165	0.2
	Castalia Sangubashi	96.9	48,306	0.2	100.0	47,503	0.2
	Castalia Suitengu	98.4	45,198	0.2	92.3	46,187	0.2
	Castalia Suitengu II	96.0	40,294	0.1	85.3	39,956	0.1
	Castalia Shintomicho	91.7	32,766	0.1	94.2	33,492	0.1
	Castalia Shintomicho II	97.3	28,545	0.1	88.3	28,948	0.1
	Castalia Harajuku	100.0	28,533	0.1	100.0	28,287	0.1
	Castalia Yoyogi Uehara	87.0	22,734	0.1	96.0	21,799	0.1
	Castalia Sendagaya	100.0	20,558	0.1	91.7	19,381	0.1
	Castalia Shinjuku 7 chome	97.3	18,747	0.1	97.3	18,768	0.1
	Castalia Ningyocho	100.0	38,053	0.1	100.0	39,926	0.1
	Castalia Ningyocho II	100.0	41,988	0.2	97.4	41,557	0.2
	Castalia Shin-Ochanomizu	100.0	33,617	0.1	97.1	32,282	0.1
	Castalia Higashi Nihonbashi II	96.8	51,732	0.2	89.8	49,392	0.2
	Castalia Jinbocho	94.7	42,224	0.2	90.2	41,202	0.2
	Castalia Shintomicho III	97.7	25,719	0.1	86.9	23,502	0.1
	Castalia Shinjuku Gyoen	100.0	83,805	0.3	100.0	83,787	0.3
	Castalia Takanawadai	93.3	30,789	0.1	91.3	28,199	0.1
	Castalia Higashi Nihonbashi III	100.0	24,336	0.1	100.0	24,352	0.1
	Castalia Shinjuku Gyoen II	100.0	16,608	0.1	88.9	15,825	0.1
	Castalia Shintomicho IV	90.0	15,796	0.1	95.0	16,037	0.1
	Castalia Takanawadai II	97.2	38,603	0.1	95.1	39,929	0.1
	Castalia Minami Azabu	90.0	19,460	0.1	88.3	20,562	0.1
	Castalia Ginza III	91.8	87,543	0.3	94.4	84,081	0.3
	Castalia Kayabacho	97.8	96,520	0.4	95.5	101,537	0.4
	Castalia Takanawa	100.0	251,602	0.9	92.6	250,662	0.9
	Castalia Higashi Nihonbashi	97.4	144,860	0.5	99.4	148,488	0.5
	Castalia Shinjuku	100.0	92,554	0.3	100.0	92,554	0.3
	Castalia Ichigaya	95.3	40,989	0.2	93.5	41,196	0.2
	Shibaura Island Bloom Tower	97.6	396,964	1.5	96.7	403,996	1.5
	Castalia Hatsudai	91.7	70,144	0.3	97.2	70,116	0.3

Asset class	Property name	30th period (From September 1, 2020 to February 28, 2021)			31st period (From March 1, 2021 to August 31, 2021)		
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		(%) (Note 1)			(%) (Note 1)		
Residential properties	Castalia Hatsudai II	97.9	61,138	0.2	89.5	59,107	0.2
	Castalia Ebisu	95.7	43,885	0.2	88.1	42,882	0.2
	Castalia Meguro Kamurozaka	95.1	131,922	0.5	96.4	130,238	0.5
	Castalia Toritsudaigaku	86.6	19,379	0.1	96.9	18,416	0.1
	Castalia Yukigaya	96.5	35,192	0.1	97.1	35,313	0.1
	Castalia Yutenji	97.4	38,076	0.1	100.0	37,930	0.1
	Castalia Otsuka	93.6	46,319	0.2	96.2	44,582	0.2
	Castalia Kikukawa	97.8	27,163	0.1	98.0	28,402	0.1
	Castalia Meguro	95.8	33,185	0.1	85.7	32,614	0.1
	Castalia Otsuka II	92.2	38,487	0.1	94.9	36,755	0.1
	Castalia Jiyugaoka	94.9	37,833	0.1	95.6	39,224	0.1
	Castalia Mejiro	100.0	35,491	0.1	100.0	35,384	0.1
	Castalia Ikebukuro	97.9	88,782	0.3	98.8	88,114	0.3
	Castalia Kaname-cho	97.3	42,271	0.2	100.0	40,403	0.1
	Castalia Tower Shinagawa Seaside	98.4	287,346	1.1	98.3	286,069	1.0
	Castalia Yakumo	88.5	26,635	0.1	79.7	26,033	0.1
	Castalia Togoshiekimae	100.0	54,241	0.2	100.0	54,167	0.2
	Castalia Honjo Azumabashi	100.0	39,097	0.1	98.4	39,886	0.1
	Castalia Kitazawa	93.3	26,209	0.1	100.0	27,119	0.1
	Castalia Monzennakacho	100.0	17,628	0.1	100.0	17,619	0.1
	Castalia Kamiikedai	92.9	7,740	0.0	85.6	7,003	0.0
	Castalia Morishita	97.1	33,518	0.1	100.0	33,682	0.1
	Castalia Wakabayashikoen	100.0	29,041	0.1	96.5	28,180	0.1
	Castalia Asakusabashi	98.0	33,783	0.1	100.0	33,699	0.1
	Castalia Iriya	100.0	25,164	0.1	94.9	23,947	0.1
	Castalia Kita Ueno	96.3	90,930	0.3	96.6	91,242	0.3
	Castalia Morishita II	97.4	27,384	0.1	97.6	29,290	0.1
	Castalia Minowa	94.2	51,039	0.2	94.8	49,052	0.2
	Castalia Oyamadai	100.0	18,074	0.1	94.1	18,373	0.1
	Castalia Nakano	97.7	39,322	0.1	100.0	37,243	0.1
	Castalia Yoga	98.3	33,477	0.1	98.4	34,795	0.1
	Castalia Sumiyoshi	96.6	35,042	0.1	100.0	35,537	0.1
	Castalia Monzennakacho II	100.0	69,740	0.3	100.0	69,844	0.3
	Castalia Oshiage	97.7	36,335	0.1	97.7	42,262	0.2
	Castalia Kuramae	100.0	43,832	0.2	100.0	43,807	0.2
	Castalia Nakanobu	97.7	69,680	0.3	95.3	67,787	0.2
	Royal Parks Toyosu	100.0	346,373	1.3	100.0	346,458	1.3
	Castalia Togoshi	97.6	75,632	0.3	98.3	73,828	0.3
	Castalia Ooimachi	98.5	41,557	0.2	96.9	39,637	0.1
	Castalia Omori	94.9	52,290	0.2	90.8	51,869	0.2
	Castalia Mishuku	94.1	69,247	0.3	97.0	67,401	0.2
	Castalia Arakawa	98.4	68,240	0.3	98.9	68,247	0.2
	Castalia Omori II	97.1	80,241	0.3	92.7	78,804	0.3
	Castalia Nakameguro	97.5	118,872	0.4	94.0	116,008	0.4
	Castalia Meguro Chojyamaru	94.5	63,394	0.2	93.1	63,712	0.2
	Castalia Meguro Takaban	98.4	53,883	0.2	96.8	53,162	0.2
	Castalia Omori III	90.3	48,918	0.2	93.3	46,889	0.2
	Castalia Meguro Tairamachi	96.0	33,554	0.1	96.7	33,324	0.1
	Royal Parks SEASIR	100.0	247,101	0.9	100.0	247,631	0.9
	Castalia Honkomagome	94.7	51,904	0.2	94.5	49,994	0.2
	Cosmo Heim Musashikosugi	100.0	60,164	0.2	100.0	60,208	0.2
	Castalia Tsurumi	100.0	29,586	0.1	100.0	29,720	0.1
	Castalia Funabashi	96.6	30,170	0.1	91.0	31,011	0.1
	Castalia Nishi Funabashi	100.0	34,313	0.1	95.1	36,145	0.1
	Castalia NogeYama	93.3	13,895	0.1	96.7	14,286	0.1
	Castalia Ichikawa	100.0	19,696	0.1	100.0	19,921	0.1

Asset class	Property name	30th period (From September 1, 2020 to February 28, 2021)			31st period (From March 1, 2021 to August 31, 2021)		
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		(%) (Note 1)			(%) (Note 1)		
Residential properties	Royal Parks Hanakoganei	100.0	246,634	0.9	100.0	246,635	0.9
	Castalia Musashikosugi	99.0	56,007	0.2	93.7	54,869	0.2
	Royal Parks Wakabadai	100.0	259,347	1.0	100.0	262,050	1.0
	Pacific Royal Court Minatomirai Urban Tower	100.0	529,485	1.9	100.0	529,925	1.9
	L-Place Shinkoyasu	100.0	57,047	0.2	100.0	56,754	0.2
	Royal Parks Musashikosugi	100.0	69,707	0.3	100.0	69,925	0.3
	Castalia Sakaisuji Honmachi	99.1	61,859	0.2	96.0	61,996	0.2
	Castalia Shin-Umeda	95.0	56,043	0.2	97.9	56,391	0.2
	Castalia Abeno	97.0	176,912	0.6	100.0	208,735	0.8
	Castalia Sakae	90.2	42,719	0.2	97.7	46,234	0.2
	Castalia Maruyama Urasando (Note 4)	–	12,125	0.0	–	–	–
	Castalia Maruyama Omotesando (Note 5)	–	62,275	0.2	–	–	–
	Castalia Higashi Hie	99.2	43,491	0.2	92.7	44,283	0.2
	Castalia Tower Nagahoribashi	99.4	160,953	0.6	97.3	162,362	0.6
	Castalia Sannomiya	99.1	54,974	0.2	94.4	54,266	0.2
	Castalia Kotodaikoen	95.2	23,139	0.1	97.6	23,908	0.1
	Castalia Ichibancho	100.0	38,710	0.1	98.4	38,940	0.1
	Castalia Omachi	88.9	32,377	0.1	93.1	32,291	0.1
	Castalia Uemachidai	100.0	90,383	0.3	98.6	88,695	0.3
	Castalia Tower Higobashi	98.2	130,455	0.5	93.3	126,725	0.5
	Big Tower Minami Sanjo (Note 6)	96.4	108,642	0.4	–	396	0.0
	Castalia Fushimi	94.5	104,446	0.4	88.9	103,799	0.4
	Castalia Meieki Minami	94.2	30,865	0.1	91.3	30,723	0.1
	Castalia Yakuin	99.2	43,127	0.2	95.8	43,138	0.2
	Castalia Mibu	98.8	50,863	0.2	100.0	51,943	0.2
	Castalia Tsutsujigaoka	97.4	58,910	0.2	95.7	60,877	0.2
	Castalia Ohori Bay Tower	42.2	146,511	0.5	36.7	145,637	0.5
	Royal Parks Namba	100.0	140,354	0.5	100.0	140,128	0.5
	Castalia Shigahondori	98.6	74,492	0.3	95.8	73,686	0.3
	Castalia Kyoto Nishioji	96.2	34,646	0.1	95.0	34,932	0.1
	Castalia Ningyocho III	99.0	74,171	0.3	98.3	71,701	0.3
	Royal Parks Umejima	100.0	102,987	0.4	100.0	103,017	0.4
	Castalia Shinsakae II	100.0	60,032	0.2	100.0	59,662	0.2
	Residential properties – Subtotal	96.5	9,538,535	35.0	95.6	9,388,142	34.3
Retail properties	ACROSSMALL Shinkamagaya	100.0	281,130	1.0	100.0	280,500	1.0
	FOLEO Hirakata	93.4	254,995	0.9	94.0	250,695	0.9
	QiZ GATE URAWA	100.0	212,631	0.8	100.0	217,954	0.8
	UNICUS Takasaki	100.0	130,833	0.5	100.0	129,870	0.5
	ACROSSPLAZA Miyoshi (Land)	100.0	94,284	0.3	100.0	94,284	0.3
	DREAM TOWN ALi	100.0	359,961	1.3	100.0	347,400	1.3
	ASOBIX (Land)	100.0	47,076	0.2	100.0	47,076	0.2
	FOLEO Ome Imai	100.0	129,086	0.5	100.0	122,051	0.4
	FOLEO Otsu Ichiriyama	100.0	324,572	1.2	100.0	322,620	1.2
	FOLEO Hakata	100.0	126,216	0.5	100.0	126,272	0.5
	ACROSSMALL Semboku (Land)	100.0	90,606	0.3	100.0	90,615	0.3
	iiias Tsukuba	100.0	1,075,786	3.9	100.0	1,075,000	3.9
	LIFE Sagamihara Wakamatsu	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	FOLEO Sendai Miyanomori	100.0	239,003	0.9	100.0	238,921	0.9
	ACROSSPLAZA Inazawa (Land)	100.0	69,840	0.3	100.0	69,840	0.3
	Sports Depo and GOLF5 Kokurahigashi IC Store	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	Hiratsuka Retail Property (Land)	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)

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		(%) (Note 1)			(%) (Note 1)		
Retail properties	Royal Home Center Morinomiya (Land)	100.0	104,340	0.4	100.0	104,340	0.4
	Aoyama Tailor Bunkyo Sengoku Ekimae Store	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	FOLEO Shobu	100.0	157,327	0.6	100.0	157,327	0.6
	Hapias Kaita (Land)	100.0	38,424	0.1	100.0	38,400	0.1
	COMBOX310	100.0	148,800	0.5	100.0	148,800	0.5
	Sports Plaza Ibaraki	100.0	82,812	0.3	100.0	82,812	0.3
	Retail properties – Subtotal	99.8	4,256,022	15.6	99.8	4,232,660	15.5
Hotel properties	Daiwa Roynet Hotel Yokohama Kannai	100.0	146,794	0.5	100.0	146,049	0.5
	Super Hotel JR Nara Station Sanjo Street	100.0	43,855	0.2	100.0	41,745	0.2
	Daiwa Roynet Hotel Nagoya Shinkansenguchi	100.0	126,000	0.5	100.0	110,000	0.4
	AGORA Kanazawa	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	Candeo Hotels Nagasaki Shinchi Chinatown	100.0	87,435	0.3	100.0	104,409	0.4
	Hotel properties – Subtotal	100.0	476,791	1.7	100.0	481,831	1.8
Other assets	Urban Living Inage	100.0	39,060	0.1	100.0	39,060	0.1
	Aburatsubo Marina HILLS	100.0	43,749	0.2	100.0	43,749	0.2
	Naha Shin-Toshin Center Building (Daiwa Roynet Hotel Naha-Omoromachi)	100.0	315,099	1.2	100.0	321,769	1.2
	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	491,537	1.8	99.5	495,840	1.8
	Other – Subtotal	99.8	983,048	3.6	99.8	994,020	3.6
	Total	99.4	27,260,211	100.0	99.3	27,362,994	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 February 28, 2021 and August 31, 2021, rounded to the first decimal place.  
2. "Rate to total real estate rental revenues" is the rental revenues from each real estate or each real estate in trust expressed as a percentage of total rental revenues from the entire portfolio, rounded to the first decimal place.  
3. Undisclosed as consent for disclosure has not been obtained from the lessee.  
4. The disposition of property was completed on December 21, 2020.  
5. The disposition of property was completed on January 29, 2021.  
6. The disposition of property was completed on March 1, 2021.

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

Not applicable.

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

Not applicable.

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

The following summarizes contracted amount and fair value of specified transactions of DHR as of August 31, 2021.

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	116,258,000	88,900,000	(1,300,871)
Total		116,258,000	88,900,000	(1,300,871)

(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 August 31, 2021.

(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	9,446	–	–	9,530	83	Deposited as business security deposit
	Total	10,000	9,446	–	–	9,530	83	

(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 August 31, 2021. 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 Noda (Noda City, Chiba)	Large-scale renovations	From March 2021 to October 2021	366,157	237,600	237,600
D Project Morioka (Takizawa City, Iwate)	Large-scale renovations	From August 2021 to December 2021	68,486	20,545	20,545
D Project Yashio (Yashio City, Saitama)	Large-scale renovations	From April 2021 to October 2021	304,038	202,400	202,400
DPL Fukuoka Kasuya Kasuya District, Fukuoka	Repair work on the west exterior wall seals and rampway cracks	From September 2021 to March 2022	79,134	–	–
Castalia Sendagaya (Shibuya Ward, Tokyo)	Large-scale renovations	From March 2021 to September 2021	31,185	–	–
Castalia Higashi Nihonbashi III (Chuo Ward, Tokyo)	Large-scale renovation	From October 2021 to February 2022	45,210	–	–
Castalia Mejiro (Toshima Ward, Tokyo)	Large-scale renovation	From September 2021 to February 2022	47,850	–	–
Castalia Wakabayashikoen (Setagaya Ward, Tokyo)	Large-scale renovation	From September 2021 to February 2022	44,594	–	–
Castalia Omori II (Ota Ward, Tokyo)	Large-scale renovations	From April 2021 to October 2021	110,770	–	–
Royal Parks Namba (Osaka City, Osaka)	Large-scale renovations	From August 2021 to February 2022	211,530	1,100	1,100
FOLEO Otsu Ichiriyama (Otsu City, Shiga)	Rooftop waterproofing construction (third phase)	From October 2021 to January 2022	75,130	–	–
	Replacement of LED lights	From January 2022 to February 2022	60,500	–	–
iiias Tsukuba (Tsukuba City, Ibaraki)	Repair work of exterior walls (second phase)	From October 2021 to March 2022	254,100	–	–
Daiwa Roynet Hotel Nagoya Shinkansenguchi (Nagoya City, Aichi)	Renewal work on various facilities	From August 2021 to February 2022	1,497,030	–	–
Aburatsubo Marina HILLS (Miura City, Kanagawa)	Interior renovations	From September 2021 to December 2021	41,756	–	19,800

(2) Capital Expenditures during the Period

For owned properties (real estate, real estate in trust, etc.), an overview of major construction work conducted during the current fiscal period that falls into DHR's capital expenditures is as follows. Capital expenditures during the current fiscal period were ¥2,645,913 thousand together with ¥1,571,777 thousand in repairs and maintenance expenses and ¥374,684 thousand in restoration costs classified as expenses for the current fiscal period, making a total of ¥4,592,376 thousand in construction work.

Property name (Location)	Purpose	Period	Construction cost (Yen in thousands)
D Project Akanehama (Narashino City, Chiba)	Large-scale renovations	From April 2021 to August 2021	120,727
D Project Hibiki Nada (Kitakyushu City, Fukuoka)	Conversion to LED lighting fixtures	From July 2021 to August 2021	29,133
D Project Osaka Hirabayashi (Osaka City, Osaka)	Heat insulation work	From April 2021 to June 2021	77,400
D Project Itabashi Shingashi (Itabashi Ward, Tokyo)	Refrigerator renovations	From January 2021 to April 2021	265,044
Castalia Azabujuban (Minato Ward, Tokyo)	Large-scale renovations	From March 2021 to August 2021	45,587
Castalia Jinbocho (Chiyoda Ward, Tokyo)	Large-scale renovations	From March 2021 to August 2021	27,465
Castalia Ginza III (Chuo Ward, Tokyo)	Large-scale renovations	From April 2021 to July 2021	45,344
Castalia Otsuka (Toshima Ward, Tokyo)	Large-scale renovations	From March 2021 to July 2021	65,244
Castalia Jiyugaoka (Meguro Ward, Tokyo)	Large-scale renovations	From April 2021 to August 2021	29,683
Castalia Minowa (Taito Ward, Tokyo)	Large-scale renovations	From March 2021 to July 2021	39,964
Castalia Omori (Ota Ward, Tokyo)	Large-scale renovations	From March 2021 to July 2021	44,477
Royal Parks SEASIR (Adachi Ward, Tokyo)	Large-scale renovations	From November 2020 to August 2021	154,777
Castalia Nogeyama (Yokohama City, Kanagawa)	Large-scale renovations	From April 2021 to July 2021	11,856
Castalia Higashi Hie (Fukuoka City, Fukuoka)	Large-scale renovations	From March 2021 to August 2021	38,207
Castalia Sannomiya (Kobe City, Hyogo)	Large-scale renovations	From April 2021 to August 2021	30,876
	Renewal work on home information platform	From August 2021 to August 2021	19,660
Castalia Yakuin (Fukuoka City, Fukuoka)	Large-scale renovations	From March 2021 to August 2021	24,867
FOLEO Otsu Ichiriyama (Otsu City, Shiga)	Renovation of exterior walls	From April 2020 to March 2021	136,800

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

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

(Yen in thousands)					
Operating period	27th period From March 1, 2019 to August 31, 2019	28th period From September 1, 2019 to February 29, 2020	29th period From March 1, 2020 to August 31, 2020	30th period From September 1, 2020 to February 28, 2021	31st period From March 1, 2021 to August 31, 2021
Balance of reserves at the beginning of period	1,548,695	1,587,775	1,464,355	1,478,435	1,492,515
Amount of reserves during period	39,080	39,080	14,080	14,080	14,080
Amount of reversal of reserves during period	—	162,500	—	—	—
Reserves carried forward	1,587,775	1,464,355	1,478,435	1,492,515	1,506,595

▶ 5. Expenses and Liabilities

(1) Expenses Incurred in Connection with Management of Assets

Item	30th period	31st period
	From September 1, 2020 to February 28, 2021	From March 1, 2021 to August 31, 2021
Asset management fees (Note)	1,792,206	1,775,306
Asset custody fees	39,665	39,730
Administrative service fees	98,381	99,332
Directors' remuneration	6,600	6,600
Other expenses	427,133	470,572
Total	2,363,987	2,391,542

(Note) As for the asset management fees, in addition to the amount shown above, there were a management fee for property acquisition included in the cost of acquisition of individual investment properties, etc. of ¥7,850 thousand and a management fee for disposition of properties of ¥13,875 thousand for the 30th period, and a management fee for property acquisition included in the cost of acquisition of individual investment properties, etc. of ¥14,825 thousand and a management fee for disposition of properties of ¥17,577 thousand for the 31st period.

(2) Debt Financing

The status of loans per financial institution as of August 31, 2021 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, 2014	500,000	—	1.05% (Note 2)	April 1, 2021	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
MUFG Bank, Ltd.		1,000,000	—					
Mizuho Bank, Ltd.		1,000,000	—					
Sumitomo Mitsui Trust Bank, Limited	January 30, 2015	500,000	—	0.61% (Note 2)	January 31, 2022	Bullet repayment	(Note 6)	Unsecured and non-guaranteed
Sumitomo Mitsui Banking Corporation		936,000	936,000					
Sumitomo Mitsui Trust Bank, Limited		1,599,000	1,599,000					
The Norinchukin Bank		1,510,000	1,510,000					
Aozora Bank, Ltd.		1,169,000	1,169,000					
Mizuho Bank, Ltd.		603,000	603,000					
Mizuho Trust & Banking Co., Ltd.		454,000	454,000					
MUFG Bank, Ltd.		437,000	437,000					
The Chiba Bank, Ltd.	November 30, 2015	150,000	150,000	0.51% (Note 2)	November 30, 2021	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
Sumitomo Mitsui Banking Corporation		1,000,000	1,000,000					
Sumitomo Mitsui Trust Bank, Limited		1,000,000	1,000,000					
MUFG Bank, Ltd.		3,000,000	3,000,000					
Mizuho Bank, Ltd.		1,000,000	1,000,000					
Resona Bank, Limited	April 11, 2017	1,000,000	1,000,000	0.40% (Note 3)	April 30, 2021	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
Sumitomo Mitsui Banking Corporation		2,200,000	—					
MUFG Bank, Ltd.		1,600,000	—					
Sumitomo Mitsui Trust Bank, Limited		1,600,000	—					
Mizuho Bank, Ltd.		1,600,000	—					
The Norinchukin Bank		1,500,000	—					
Nippon Life Insurance Company		1,000,000	—					



Classification	Borrowing date	Balance at the beginning of period (Yen in thousands)	Balance at the end of period (Yen in thousands)	Average interest rate (Note 1)	Repayment date	Method of repayment	Use	Note
Lender								
Sumitomo Mitsui Banking Corporation	April 1, 2014	–	1,000,000	1.21% (Note 2)	April 1, 2022	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
MUFG Bank, Ltd.		–	1,000,000					
Mizuho Bank, Ltd.		–	1,000,000					
Sumitomo Mitsui Trust Bank, Limited		–	500,000					
Sumitomo Mitsui Trust Bank, Limited	May 1, 2015	–	2,030,000	0.66% (Note 2)	April 28, 2022	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
Sumitomo Mitsui Banking Corporation		–	1,354,500					
The Norinchukin Bank		–	1,600,000					
Aozora Bank, Ltd.		–	1,192,000					
Mizuho Bank, Ltd.		–	1,017,000					
MUFG Bank, Ltd.		–	907,500					
Mizuho Trust & Banking Co., Ltd.		–	524,000					
Nippon Life Insurance Company		–	500,000					
Development Bank of Japan Inc.		–	400,000					
The Shizuoka Bank, Ltd.		–	260,000					
The Chiba Bank, Ltd.		–	215,000					
Sumitomo Mitsui Trust Bank, Limited	April 10, 2018	–	1,000,000	0.42% (Note 3)	April 28, 2022	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
Sumitomo Mitsui Banking Corporation		–	1,000,000					
Mizuho Bank, Ltd.		–	500,000					
The Bank of Fukuoka, Ltd.		–	500,000					
The Chiba Bank, Ltd.		–	500,000					
The 77 Bank, Ltd.		–	500,000					
The Nishi-Nippon City Bank, Ltd.		–	500,000					
The Shizuoka Bank, Ltd.		–	500,000					
The Iyo Bank, Ltd.		–	500,000					
The Bank of Kyoto, Ltd.		–	500,000					
The Chugoku Bank, Limited		–	500,000					
Sumitomo Mitsui Trust Bank, Limited	March 27, 2019	–	500,000	0.26%	August 31, 2022	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
Sumitomo Mitsui Banking Corporation		–	500,000					
MUFG Bank, Ltd.		–	500,000					
Mizuho Bank, Ltd.		–	500,000					
Subtotal	–	26,358,000	35,858,000	–	–	–	–	–

Current portion of long-term loans

Classification	Borrowing date	Balance at the beginning of period (Yen in thousands)	Balance at the end of period (Yen in thousands)	Average interest rate (Note 1)	Repayment date	Method of repayment	Use	Note
Lender								
Sumitomo Mitsui 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	April 1, 2014	1,000,000	–	1.21% (Note 2)	April 1, 2022	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
MUFG Bank, Ltd.		1,000,000	–					
Mizuho Bank, Ltd.		1,000,000	–					
Sumitomo Mitsui Trust Bank, Limited		500,000	–					
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					
Nippon Life Insurance Company	September 30, 2014	1,000,000	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	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	1,000,000	0.87% (Note 2)	October 3, 2022	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
Mizuho Bank, Ltd.		1,000,000	1,000,000					
The Norinchukin Bank		1,000,000	1,000,000					
Sumitomo Mitsui Banking Corporation	April 1, 2015	1,000,000	1,000,000	0.99% (Note 2)	October 2, 2023	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
Sumitomo Mitsui Trust Bank, Limited		1,000,000	1,000,000					
Mizuho Bank, Ltd.		1,000,000	1,000,000					
Resona Bank, Limited		1,000,000	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					

Long-term loans

Classification	Borrowing date	Balance at the beginning of period (Yen in thousands)	Balance at the end of period (Yen in thousands)	Average interest rate (Note 1)	Repayment date	Method of repayment	Use	Note
Lender								
MUFG Bank, Ltd.	April 1, 2015	3,000,000	3,000,000	1.18% (Note 3)	October 1, 2025	Bullet repayment	(Note 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
Sumitomo Mitsui Trust Bank, Limited	May 1, 2015	2,030,000	—	0.66% (Note 2)	April 28, 2022	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
Sumitomo Mitsui Banking Corporation		1,354,500	—					
The Norinchukin Bank		1,600,000	—					
Aozora Bank, Ltd.		1,192,000	—					
Mizuho Bank, Ltd.		1,017,000	—					
MUFG Bank, Ltd.		907,500	—					
Mizuho Trust & Banking Co., Ltd.		524,000	—					
Nippon Life Insurance Company		500,000	—					
Development Bank of Japan Inc.		400,000	—					
The Shizuoka Bank, Ltd.		260,000	—					
The Chiba Bank, Ltd.		215,000	—					
Sumitomo Mitsui Trust Bank, Limited	September 28, 2015	1,000,000	1,000,000	0.65% (Note 2)	September 28, 2022	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
MUFG Bank, Ltd.		1,000,000	1,000,000					
Sumitomo Mitsui Banking Corporation		1,000,000	1,000,000					
Mizuho Bank, Ltd.		1,000,000	1,000,000					
Nippon Life Insurance Company	September 28, 2015	1,000,000	1,000,000	0.73% (Note 3)	September 30, 2024	Bullet repayment	(Note 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.		1,000,000	1,000,000					
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					

Long-term loans

Classification	Borrowing date	Balance at the beginning of period (Yen in thousands)	Balance at the end of period (Yen in thousands)	Average interest rate (Note 1)	Repayment date	Method of repayment	Use	Note
Lender								
Sumitomo Mitsui Banking Corporation	December 28, 2015	1,800,000	1,800,000	0.59% (Note 2)	December 28, 2022	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
MUFG Bank, Ltd.		3,200,000	3,200,000					
Sumitomo Mitsui Trust Bank, Limited		1,800,000	1,800,000					
Mizuho Bank, Ltd.		1,800,000	1,800,000					
Resona Bank, Limited		1,400,000	1,400,000					
Shinsei Bank, Limited		500,000	500,000					
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					
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
Sumitomo Mitsui Banking Corporation	September 30, 2016	1,700,000	1,700,000	0.41% (Note 3)	March 31, 2023	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
MUFG Bank, Ltd.		2,700,000	2,700,000					
Sumitomo Mitsui Trust Bank, Limited		1,700,000	1,700,000					
Mizuho Bank, Ltd.		1,700,000	1,700,000					
Aozora Bank, Ltd.		1,500,000	1,500,000					
Resona Bank, Limited		800,000	800,000					
Shinsei Bank, Limited	September 30, 2016	300,000	300,000	0.48% (Note 3)	March 29, 2024	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
MUFG Bank, Ltd.		2,800,000	2,800,000					
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	November 29, 2016	900,000	900,000	0.87% (Note 3)	November 30, 2026	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
Shinsei Bank, Limited		400,000	400,000					
Sumitomo Mitsui Banking Corporation		3,000,000	3,000,000					
Mizuho Bank, Ltd.		3,000,000	3,000,000					
MUFG Bank, Ltd.		5,000,000	5,000,000					
Sumitomo Mitsui Trust Bank, Limited		3,000,000	3,000,000					
Resona Bank, Limited	March 9, 2017	1,000,000	1,000,000	0.85% (Note 3)	March 31, 2027	Bullet repayment	(Note 7)	Unsecured and non-guaranteed
Development Bank of Japan Inc.		2,000,000	2,000,000					
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

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								
Mizuho Bank, Ltd.	March 31, 2017	4,000,000	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	4,000,000					
MUFG Bank, Ltd.		1,000,000	1,000,000					
Mizuho Trust & Banking Co., Ltd.		1,000,000	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					
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		2,500,000	2,500,000					
MUFG Bank, Ltd.	November 29, 2017	2,000,000	2,000,000	0.90% (Note 3)	November 30, 2027	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
Development Bank of Japan Inc.		3,000,000	3,000,000					
Sumitomo Mitsui Trust Bank, Limited		2,500,000	2,500,000					
Mizuho Bank, Ltd.		2,500,000	2,500,000					
The 77 Bank, Ltd.		1,000,000	1,000,000					
The Nishi-Nippon City Bank, Ltd.		1,000,000	1,000,000					
The Iyo Bank, Ltd.		500,000	500,000					
The Bank of Kyoto, Ltd.		500,000	500,000					
The Chugoku Bank, Limited		500,000	500,000					
Mitsui Sumitomo Insurance Company, Limited	March 27, 2018	1,000,000	1,000,000	0.44% (Note 3)	March 31, 2023	Bullet repayment	(Note 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								
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
Nippon Life Insurance Company	April 10, 2018	1,000,000	1,000,000	0.43% (Note 3)	September 9, 2022	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
Development Bank of Japan Inc.	April 10, 2018	2,000,000	2,000,000	0.65% (Note 3)	April 30, 2026	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
Sumitomo Mitsui Trust Bank, Limited	April 10, 2018	1,000,000	–	0.42% (Note 3)	April 28, 2022	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
Sumitomo Mitsui Banking Corporation		1,000,000	–					
Mizuho Bank, Ltd.		500,000	–					
The Bank of Fukuoka, Ltd.		500,000	–					
The Chiba Bank, Ltd.		500,000	–					
The 77 Bank, Ltd.		500,000	–					
The Nishi-Nippon City Bank, Ltd.		500,000	–					
The Shizuoka Bank, Ltd.		500,000	–					
The Iyo Bank, Ltd.		500,000	–					
The Bank of Kyoto, Ltd.		500,000	–					
The Chugoku 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 Trust Bank, Limited		1,500,000	1,500,000					
Mizuho Bank, Ltd.		1,000,000	1,000,000					
Aozora Bank, Ltd.		500,000	500,000					
The Norinchukin Bank		500,000	500,000					
Shinsei Bank, Limited		500,000	500,000					
Shinkin Central Bank		500,000	500,000					
Sumitomo Mitsui Trust Bank, Limited		500,000	500,000					
Sumitomo Mitsui Banking Corporation	April 10, 2018	1,500,000	1,500,000	0.60% (Note 3)	April 30, 2025	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
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					
Shinsei Bank, Limited		500,000	500,000					
Shinkin Central Bank	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 Trust Bank, Limited		3,000,000	3,000,000					
Sumitomo Mitsui Banking Corporation		2,500,000	2,500,000					
Mizuho Bank, Ltd.		1,000,000	1,000,000					
Resona Bank, Limited		500,000	500,000					
The Dai-ichi Life Insurance Company, Limited	September 27, 2018	1,000,000	1,000,000	0.43% (Note 3)	September 29, 2023	Bullet repayment	(Note 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								
Long-term loans	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 27, 2019	500,000	—	0.26%	August 31, 2022	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
	Sumitomo Mitsui Banking Corporation		500,000	—					
	MUFG Bank, Ltd.		500,000	—					
	Mizuho Bank, Ltd.		500,000	—					
	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					
	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	500,000	500,000	0.31%	October 31, 2022	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited		500,000	500,000					
	MUFG Bank, Ltd.		500,000	500,000					
	Mizuho Bank, Ltd.		500,000	500,000					
	Sumitomo Mitsui Banking Corporation		1,000,000	1,000,000					
	The Norinchukin Bank	April 10, 2019	1,100,000	1,100,000	0.39% (Note 3)	October 31, 2024	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited		1,000,000	1,000,000					
	Shinsei Bank, Limited		1,000,000	1,000,000					
	Shinkin Central Bank		1,000,000	1,000,000					
	The Bank of Fukuoka, Ltd.		500,000	500,000					
	The Chiba Bank, Ltd.		500,000	500,000					
	The 77 Bank, Ltd.		500,000	500,000					
	The Nishi-Nippon City Bank, Ltd.		500,000	500,000					
	The Iyo Bank, Ltd.		500,000	500,000					
	The Chugoku Bank, Limited		500,000	500,000					

	Classification	Borrowing date	Balance at the beginning of period (Yen in thousands)	Balance at the end of period (Yen in thousands)	Average interest rate (Note 1)	Repayment date	Method of repayment	Use	Note
	Lender								
Long-term loans	Sumitomo Mitsui Banking Corporation	April 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.	January 31, 2020	2,000,000	2,000,000	0.59% (Note 3)	January 31, 2029	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
	Development Bank of Japan Inc.		2,000,000	2,000,000					
	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.	January 31, 2020	1,000,000	1,000,000	0.46% (Note 3)	July 30, 2027	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
	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.	January 31, 2020	500,000	500,000	0.61% (Note 2)	January 31, 2030	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
	Sumitomo Mitsui Banking Corporation		2,200,000	2,200,000					
	Sumitomo Mitsui Trust Bank, Limited		3,400,000	3,400,000					
	Mizuho Trust & Banking Co., Ltd.		1,300,000	1,300,000					
	MUFG Bank, Ltd.		1,200,000	1,200,000					
	Mizuho Bank, Ltd.	March 31, 2020	900,000	900,000	0.29%	September 29, 2023	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited		900,000	900,000					
	MUFG Bank, Ltd.		1,900,000	1,900,000					
	Sumitomo Mitsui Banking Corporation		900,000	900,000					
	Mizuho Bank, Ltd.		900,000	900,000					
	Resona Bank, Limited		800,000	800,000					
	The Norinchukin Bank		500,000	500,000					
	The Chiba Bank, Ltd.		500,000	500,000					
	Shinsei Bank, Limited		300,000	300,000					
	Mitsui Sumitomo Insurance Company, Limited	April 1, 2020	1,000,000	1,000,000	0.40% (Note 3)	April 30, 2026	Bullet repayment	(Note 5)	Unsecured and non-guaranteed



Classification	Borrowing date	Balance at the beginning of period (Yen in thousands)	Balance at the end of period (Yen in thousands)	Average interest rate (Note 1)	Repayment date	Method of repayment	Use	Note
Lender								
Sumitomo Mitsui 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.		500,000	500,000					
The Dai-ichi Life Insurance Company, Limited	April 3, 2020	500,000	500,000	0.40% (Note 3)	March 31, 2026	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
Mitsui Sumitomo Insurance Company, Limited	April 3, 2020	500,000	500,000	0.41% (Note 3)	September 30, 2026	Bullet repayment	(Note 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					
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					
MUFG Bank, Ltd.		2,000,000	2,000,000					
Sumitomo Mitsui Trust Bank, Limited	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 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
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

Long-term loans

Classification	Borrowing date	Balance at the beginning of period (Yen in thousands)	Balance at the end of period (Yen in thousands)	Average interest rate (Note 1)	Repayment date	Method of repayment	Use	Note
Lender								
Sumitomo Mitsui Banking Corporation	April 1, 2021	–	500,000	0.70% (Note 3)	April 1, 2031	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
Sumitomo Mitsui Trust Bank, Limited		–	500,000					
MUFG Bank, Ltd.		–	1,000,000					
Mizuho Bank, Ltd.		–	1,000,000					
Sumitomo Mitsui Banking Corporation	April 30, 2021	–	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					
Mizuho Bank, Ltd.		–	600,000					
MUFG Bank, Ltd.		–	600,000					
The Norinchukin Bank		–	1,500,000					
Nippon Life Insurance Company		–	1,000,000					
Subtotal	–	322,200,000	308,700,000	–	–	–	–	–
Total	–	348,558,000	344,558,000	–	–	–	–	–

Long-term loans

(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 August 31, 2021 is as follows:

Issue name	Issue date	Balance at the beginning of period (Yen in thousands)	Balance at the end of period (Yen in thousands)	Interest rate	Maturity	Method of redemption	Use	Note
Daiwa House REIT Investment Corporation 1st Unsecured Investment Corporation Bonds (Note 1)	December 24, 2014	2,000,000	2,000,000	0.826%	December 24, 2024	Bullet repayment	(Note 2)	Unsecured
Daiwa House Residential Investment Corporation 3rd Unsecured Investment Corporation Bonds (Note 1)	January 22, 2015	3,000,000	3,000,000	0.67%	January 22, 2025	Bullet repayment	(Note 3)	Unsecured
Daiwa House REIT Investment Corporation 5th Unsecured Investment Corporation Bonds (Note 1)	December 20, 2016	4,000,000	4,000,000	0.24%	December 20, 2021	Bullet repayment	(Note 2)	Unsecured
Daiwa House REIT Investment Corporation 6th Unsecured Investment Corporation Bonds (Note 1)	December 20, 2016	4,000,000	4,000,000	0.57%	December 18, 2026	Bullet repayment	(Note 2)	Unsecured
Daiwa House REIT Investment Corporation 7th Unsecured Investment Corporation Bonds (Note 1)	July 30, 2018	2,000,000	2,000,000	0.69%	July 30, 2030	Bullet repayment	(Note 2)	Unsecured
Daiwa House REIT Investment Corporation 8th Unsecured Investment Corporation Bonds (Note 1)	July 30, 2018	1,000,000	1,000,000	1.03%	July 30, 2038	Bullet repayment	(Note 2)	Unsecured
Daiwa House REIT Investment Corporation 9th Unsecured Investment Corporation Bonds (Green Bonds) (Note 1)	November 25, 2019	6,000,000	6,000,000	0.53%	November 22, 2029	Bullet repayment	(Note 4)	Unsecured
Daiwa House REIT Investment Corporation 10th Unsecured Investment Corporation Bonds (Green Bonds) (Note 1)	May 27, 2020	2,400,000	2,400,000	0.34%	May 27, 2025	Bullet repayment	(Note 4)	Unsecured
Daiwa House REIT Investment Corporation 11th Unsecured Investment Corporation Bonds (Green Bonds) (Note 1)	May 27, 2020	1,600,000	1,600,000	0.64%	May 27, 2030	Bullet repayment	(Note 4)	Unsecured
Daiwa House REIT Investment Corporation 12th Unsecured Investment Corporation Bonds (Green Bonds) (Note 1)	May 27, 2020	1,000,000	1,000,000	1.00%	May 25, 2040	Bullet repayment	(Note 4)	Unsecured
Daiwa House REIT Investment Corporation 13th Unsecured Investment Corporation Bonds (Note 1)	December 24, 2020	3,000,000	3,000,000	0.60%	December 24, 2032	Bullet repayment	(Note 5)	Unsecured
Daiwa House REIT Investment Corporation 14th Unsecured Investment Corporation Bonds (Green Bonds) (Note 1)	April 15, 2021	—	4,000,000	0.50%	April 15, 2031	Bullet repayment	(Note 4)	Unsecured
Total	—	30,000,000	34,000,000	—	—	—	—	—

(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.

(4) Short-Term Investment Corporation Bonds

Not applicable.

(5) Unit Acquisition Rights

Not applicable.

▶ 6. Status of Acquisition and Sale during the Period

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

Property name	Acquisition		Disposition			
	Acquisition date	Acquisition price (Yen in millions) (Note 1)	Disposition date	Disposition price (Yen in millions) (Note 1)	Book value (Yen in millions)	Gain or loss on sale (Yen in millions) (Note 2)
DPL Shin-Narashino	April 1, 2021	5,930	—	—	—	—
Big Tower Minami Sanjo	—	—	March 1, 2021	3,515	1,183	2,208
Total		5,930		3,515	1,183	2,208

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

(2) Transaction of Other Assets

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

(3) Review on Value of Specified Assets

Properties, etc.

Acquisition or disposition	Property name	Transaction date	Type of assets	Acquisition price or disposition price (Yen in millions) (Note 1)	Appraisal value (Yen in millions) (Note 2)	Appraisal agency (Note 2)	Date of value appraised (Note 2)
Acquisition	DPL Shin-Narashino	April 1, 2021	Trust beneficiary interests in real estate	5,930	6,170	Japan Real Estate Institute	December 31, 2020
Disposition	Big Tower Minami Sanjo	March 1, 2021	Trust beneficiary interests in real estate	3,515	2,760	Daiwa Real Estate Appraisal Co., Ltd.	February 28, 2021

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



(4) Transactions with Interested Parties, etc.

Purchase and sale transactions, etc. with interested parties, etc. (Note 1) for the 31st period are as follows:

i) Status of Transactions

Classification	Transaction amount, etc. (Note 2)	
	Purchase	Sale
Total	¥5,930 million	¥3,515 million
Breakdown of transactions with interested parties		
Daiwa House Industry Co., Ltd.	¥5,930 million (100.0%)	¥– million (–%)
Total	¥5,930 million (100.0%)	¥– million (–%)

ii) Amount of Fees Paid

Classification	Total amount paid (A) (Yen in thousands)	Breakdown of transactions with interested parties, etc. (Note 1)		Rate to total amount paid (B/A) (%)
		Payment recipient	Amount paid (B) (Yen in thousands)	
Management fees	1,529,941	Daiwa Living Co., Ltd.	561,633	36.7
		Daiwa House Property Management Co., Ltd.	293,654	19.2
		Daiwa Information Service Co., Ltd. (Note 3)	266,357	17.4
		Daiwa LifeNext Co., Ltd.	34,446	2.3
		Daiwa Lease Co., Ltd.	3,332	0.2
Repairs and maintenance expenses	1,571,777	Daiwa Living Co., Ltd.	707,130	45.0
		Daiwa House Property Management Co., Ltd.	298,121	19.0
		Daiwa Information Service Co., Ltd. (Note 3)	257,703	16.4
		Daiwa Living Management Co., Ltd.	27,704	1.8
		Daiwa LifeNext Co., Ltd.	11,528	0.7
Restoration costs	374,684	Daiwa Lease Co., Ltd.	1,192	0.1
		Daiwa Living Co., Ltd.	270,404	72.2
Other rental expenses	135,777	Daiwa Living Co., Ltd.	48,017	35.4
		Daiwa House Property Management Co., Ltd.	23,187	17.1
		Daiwa Information Service Co., Ltd. (Note 3)	14,347	10.6
		Daiwa LifeNext Co., Ltd.	1,455	1.1
		Daiwa Lease Co., Ltd.	615	0.5

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

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

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

7. Accounting

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

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

(2) Changes in Method to Calculate Depreciation Expenses

Not applicable.

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

Not applicable.

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

Not applicable.

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

Not applicable.

8. Other

(1) Notice

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

Date of the Board of Directors meeting	Item	Description
March 26, 2021	Conclusion of underwriting agreement for investment corporation bond issuance, etc.	In line with a comprehensive resolution on the issuance of investment corporation bonds approved on the same day, DHR resolved that the selection of an administrator of the investment corporation bonds to be issued in the future would be at the discretion of the Executive Director. Based on this resolution, DHR entrusted SMBC Nikko Securities Inc., Mizuho Securities Co., Ltd. and Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. with the relevant work for soliciting subscribers for investment corporation bonds, and entrusted Sumitomo Mitsui Trust Bank, Limited with issuance agent work, payment agent work, etc.
August 18, 2021	Conclusion of underwriting agreement for new investment units, etc.	Concerning issuance of new investment units, DHR resolved the conclusion of the underwriting agreement for new investment units, and entrusted Nomura Securities Co., Ltd., Daiwa Securities Co., Ltd., Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., SMBC Nikko Securities Inc., and Mizuho Securities Co., Ltd. as underwriters for Japanese offering, and Morgan Stanley & Co. International plc, Daiwa Capital Markets Europe Limited, and Nomura International plc as joint lead managers for overseas offering, with relevant work for soliciting subscribers for new investment units.

(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 February 28, 2021 and August 31, 2021

	As of	
	February 28, 2021	August 31, 2021
	(Yen in thousands)	
<b>Assets</b>		
Current assets:		
Cash and bank deposits (Notes 3 and 4)	¥48,626,458	¥47,322,110
Operating accounts receivable	264,766	331,493
Prepaid expenses	672,881	637,149
Other current assets	2,561	36,645
Allowance for doubtful accounts	(1,498)	(274)
Total current assets	49,565,169	48,327,124
Investment properties (Notes 8 and 9)	778,754,043	781,047,636
Other assets:		
Goodwill (Note 7)	61,449,024	59,466,797
Leasehold rights in trust (Note 9)	5,925,048	5,877,635
Lease and guarantee deposits in trust	3,498,978	3,547,353
Guarantee deposits	99	99
Long-term prepaid expenses	2,036,722	1,874,253
Investment corporation bond issuance costs	147,124	159,880
Investment securities (Notes 4 and 5)	9,428	9,446
Trademark rights	945	667
Total other assets	73,067,371	70,936,132
<b>Total assets</b>	<b>¥901,386,584</b>	<b>¥900,310,893</b>

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

	As of	
	February 28, 2021	August 31, 2021
	(Yen in thousands)	
<b>Liabilities</b>		
Current liabilities:		
Operating accounts and other payable	¥1,820,270	¥2,773,385
Current portion of investment corporation bonds (Notes 4 and 14)	4,000,000	4,000,000
Current portion of long-term loans (Notes 4, 6 and 15)	26,358,000	35,858,000
Accrued expenses	1,706,448	1,676,979
Accrued consumption taxes	1,191,971	325,919
Advances received	3,196,677	3,293,588
Unearned revenue	202,267	182,962
Deposits received	254,618	246,831
Derivative liabilities (Notes 4 and 6)	10,302	14,569
Other	69,603	67,520
Total current liabilities	38,810,159	48,439,755
Non-current liabilities:		
Investment corporation bonds (Notes 4 and 14)	26,000,000	30,000,000
Long-term loans (Notes 4, 6 and 15)	322,200,000	308,700,000
Long-term unearned revenue	394,277	308,816
Tenant leasehold and security deposits (Note 4)	333,342	333,710
Tenant leasehold and security deposits in trust (Note 4)	21,739,562	21,857,568
Asset retirement obligations (Note 11)	658,347	664,585
Derivative liabilities (Notes 4 and 6)	664,385	539,144
Total non-current liabilities	371,989,915	362,403,826
<b>Total liabilities</b>	<b>410,800,075</b>	<b>410,843,582</b>
<b>Net assets</b> (Notes 12 and 13)		
Unitholders' equity:	231,766,153	231,766,153
Unitholders' capital		
Units authorized:		
8,000,000 units as of February 28, 2021 and August 31, 2021		
Units issued and outstanding:		
2,196,000 units as of February 28, 2021 and August 31, 2021		
Surplus		
Capital surplus	247,667,563	247,667,563
Allowance for temporary difference adjustments	(50,508)	(1,708,488)
Capital surplus, net	247,617,055	245,959,075
Unappropriated retained earnings	11,877,987	12,295,795
Total surplus	259,495,043	258,254,871
Total unitholders' equity	491,261,196	490,021,024
Valuation and translation adjustments		
Deferred gains or losses on hedges (Note 6)	(674,687)	(553,713)
Total valuation and translation adjustments	(674,687)	(553,713)
<b>Total net assets</b>	<b>490,586,508</b>	<b>489,467,310</b>
<b>Total liabilities and net assets</b>	<b>¥901,386,584</b>	<b>¥900,310,893</b>

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 February 28, 2021 and August 31, 2021

	For the fiscal periods ended	
	February 28, 2021	August 31, 2021
	(Yen in thousands)	
<b>Operating revenues:</b>		
Rental revenues (Note 10)	¥27,260,211	¥27,362,994
Gain on sale of investment properties (Note 18)	836,795	2,208,587
Total operating revenues	28,097,006	29,571,582
<b>Operating expenses:</b>		
Rental expenses (Note 10)	11,179,703	12,081,795
Asset management fees	1,792,206	1,775,306
Asset custody fees	39,665	39,730
Administrative service fees	98,381	99,332
Directors' remuneration	6,600	6,600
Amortization of goodwill (Note 7)	1,982,226	1,982,226
Provision of allowance for doubtful accounts	626	—
Other operating expenses	426,506	470,572
Total operating expenses	15,525,917	16,455,564
<b>Operating income</b>	12,571,089	13,116,017
<b>Non-operating revenues:</b>		
Interest income	165	177
Reversal of allowance for doubtful accounts	—	1,222
Gain on forfeiture of unclaimed distributions	4,552	5,409
Gain on adjustment of liabilities	9,624	10,326
Interest on tax refund	4,390	—
Other non-operating revenues	17	17
Total non-operating revenues	18,750	17,152
<b>Non-operating expenses:</b>		
Interest expense	1,093,457	1,100,508
Interest expense on investment corporation bonds	82,887	94,446
Amortization of investment corporation bond issuance costs	12,663	13,096
Borrowing related expenses	299,505	303,260
Other non-operating expenses	2,000	2,000
Total non-operating expenses	1,490,514	1,513,311
<b>Ordinary income</b>	11,099,325	11,619,858
<b>Extraordinary income:</b>		
Subsidy income (Note 8)	—	17,679
Total extraordinary income	—	17,679
<b>Extraordinary losses:</b>		
Loss on tax purpose reduction entry of non-current assets (Note 8)	—	17,328
Total extraordinary losses	—	17,328
<b>Income before income taxes</b>	11,099,325	11,620,208
Income taxes-current (Note 17)	605	605
<b>Net income</b>	¥11,098,720	¥11,619,603
<b>Retained earnings brought forward</b>	779,267	676,191
<b>Unappropriated retained earnings</b>	¥11,877,987	¥12,295,795

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 February 28, 2021 and August 31, 2021

	Unitholders' equity							
	Surplus							
	Number of units issued and out-standing	Unitholders' capital	Capital surplus			Voluntary reserve		
			Capital surplus	Allowance for temporary difference adjustments	Capital surplus, net	Reserve for temporary difference adjustments	Reserve for distribution	Total voluntary reserve
(Units)	(Yen in thousands)							
Balance as of August 31, 2020	2,196,000	¥231,766,153	¥247,667,563	¥—	¥247,667,563	¥496,382	¥2,214,027	¥2,710,410
Changes during the period:								
Distribution in excess of earnings from allowance for temporary difference adjustments	—	—	—	(50,508)	(50,508)	—	—	—
Reversal of reserve for temporary difference adjustments	—	—	—	—	—	(496,382)	—	(496,382)
Reversal of reserve for distribution	—	—	—	—	—	—	(2,214,027)	(2,214,027)
Distributions from surplus	—	—	—	—	—	—	—	—
Net income	—	—	—	—	—	—	—	—
Net changes of items other than changes of unitholders' equity	—	—	—	—	—	—	—	—
Total changes during the period	—	—	—	(50,508)	(50,508)	(496,382)	(2,214,027)	(2,710,410)
Balance as of February 28, 2021	2,196,000	¥231,766,153	¥247,667,563	¥(50,508)	¥247,617,055	¥—	¥—	¥—
Changes during the period:								
Distribution in excess of earnings from allowance for temporary difference adjustments	—	—	—	(1,657,980)	(1,657,980)	—	—	—
Distributions from surplus	—	—	—	—	—	—	—	—
Net income	—	—	—	—	—	—	—	—
Net changes of items other than changes of unitholders' equity	—	—	—	—	—	—	—	—
Total changes during the period	—	—	—	(1,657,980)	(1,657,980)	—	—	—
Balance as of August 31, 2021	2,196,000	¥231,766,153	¥247,667,563	¥(1,708,488)	¥245,959,075	¥—	¥—	¥—

## IV. Statements of Changes in Net Assets

**Daiwa House REIT Investment Corporation**  
**STATEMENTS OF CHANGES IN NET ASSETS**  
For the fiscal periods ended February 28, 2021 and August 31, 2021

	Unitholders' equity			Valuation and translation adjustments	
	Surplus				
	Unappropriated retained earnings	Total surplus	Total unitholders' equity	Deferred gains or losses on hedges	Total net assets
	(Yen in thousands)				
Balance as of August 31, 2020	¥9,936,041	¥260,314,014	¥492,080,168	¥(777,986)	¥491,302,181
Changes during the period:					
Distribution in excess of earnings from allowance for temporary difference adjustments	—	(50,508)	(50,508)	—	(50,508)
Reversal of reserve for temporary difference adjustments	496,382	—	—	—	—
Reversal of reserve for distribution	2,214,027	—	—	—	—
Distributions from surplus	(11,867,184)	(11,867,184)	(11,867,184)	—	(11,867,184)
Net income	11,098,720	11,098,720	11,098,720	—	11,098,720
Net changes of items other than changes of unitholders' equity	—	—	—	103,298	103,298
Total changes during the period	1,941,946	(818,971)	(818,971)	103,298	(715,672)
Balance as of February 28, 2021	¥11,877,987	¥259,495,043	¥491,261,196	¥(674,687)	¥490,586,508
Changes during the period:					
Distribution in excess of earnings from allowance for temporary difference adjustments	—	(1,657,980)	(1,657,980)	—	(1,657,980)
Distributions from surplus	(11,201,796)	(11,201,796)	(11,201,796)	—	(11,201,796)
Net income	11,619,603	11,619,603	11,619,603	—	11,619,603
Net changes of items other than changes of unitholders' equity	—	—	—	120,974	120,974
Total changes during the period	417,807	(1,240,172)	(1,240,172)	120,974	(1,119,198)
Balance as of August 31, 2021	¥12,295,795	¥258,254,871	¥490,021,024	¥(553,713)	¥489,467,310

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 February 28, 2021 and August 31, 2021

	For the fiscal periods ended	
	February 28, 2021	August 31, 2021
	(Yen in thousands)	
<b>Cash flows from operating activities:</b>		
Income before income taxes	¥11,099,325	¥11,620,208
Depreciation and amortization	5,271,595	5,271,752
Amortization of goodwill	1,982,226	1,982,226
Amortization of investment corporation bond issuance costs	12,663	13,096
Amortization of trademark rights	278	278
Loss on retirement of non-current assets	12,032	27,409
Loss on tax purpose reduction entry of non-current assets	—	17,328
Interest income	(165)	(177)
Interest expense	1,176,345	1,194,955
Decrease (increase) in operating accounts receivable	48,489	(66,726)
Decrease in consumption taxes receivable	4,348,379	—
Decrease in prepaid expenses	9,121	35,731
Increase in operating accounts and other payable	16,389	50,500
Decrease in accrued consumption taxes	—	(866,052)
Decrease in accrued expenses	(11,514)	(25,464)
Increase (decrease) in deposits received	42,859	(7,787)
Increase (decrease) in advances received	(12,343)	96,910
Decrease in long-term prepaid expenses	246,008	162,469
Increase (decrease) in allowance for doubtful accounts	436	(1,223)
Decrease in investment properties due to sales	1,855,211	1,176,266
Increase in lease and guarantee deposits in trust	(10,000)	(48,375)
Other	(37,741)	69,681
Subtotal	26,049,599	20,703,010
Interest received	165	177
Interest paid	(1,272,554)	(1,303,725)
Income taxes paid	(599)	(606)
<b>Net cash provided by operating activities</b>	24,776,610	19,398,855
<b>Cash flows from investing activities:</b>		
Acquisition of investment properties	(5,506,182)	(7,843,313)
Acquisition of leasehold rights in trust	(126,772)	—
Proceeds from tenant leasehold and security deposits	23,239	23,167
Repayment of tenant leasehold and security deposits	(33,108)	(32,242)
Proceeds from tenant leasehold and security deposits in trust	325,773	2,106,287
Repayment of tenant leasehold and security deposits in trust	(282,979)	(2,079,324)
<b>Net cash used in investing activities</b>	(5,600,030)	(7,825,425)
<b>Cash flows from financing activities:</b>		
Proceeds from long-term loans	5,500,000	8,500,000
Repayment of long-term loans	(3,500,000)	(12,500,000)
Proceeds from issuance of investment corporation bonds	2,979,127	3,974,148
Redemption of investment corporation bonds	(3,000,000)	—
Distribution payment	(11,911,682)	(12,851,925)
<b>Net cash used in financing activities</b>	(9,932,555)	(12,877,777)
<b>Net increase (decrease) in cash and cash equivalents</b>	9,244,025	(1,304,347)
<b>Cash and cash equivalents at beginning of the period</b>	39,382,433	48,626,458
<b>Cash and cash equivalents at end of the period (Note 3)</b>	¥48,626,458	¥47,322,110

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 February 28, 2021 and August 31, 2021

### 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 August 31, 2021, DHR’s portfolio included 227 properties at a total acquisition price of ¥824.2 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

Rental revenues including fixed rent revenues, variable rent revenues and common area charges, are recognized on an accrual basis over the term of each lease agreement.

***(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) Consumption Taxes***

Consumption taxes withheld and consumption taxes paid are not included in the accompanying statements of income and retained earnings. 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	
	February 28, 2021	August 31, 2021
	(Yen in thousands)	
Cash and bank deposits	¥48,626,458	¥47,322,110
Cash and cash equivalents	¥48,626,458	¥47,322,110

**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*

The fair value of financial instruments is determined by market prices, if available. When there is no observable market price available, the fair value is based on a price that is reasonably estimated. 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 February 28, 2021 and August 31, 2021 are as follows:

	As of					
	February 28, 2021			August 31, 2021		
	(Yen in thousands)					
Assets	Book value	Fair value	Difference	Book value	Fair value	Difference
(1) Cash and bank deposits	¥48,626,458	¥48,626,458	¥—	¥47,322,110	¥47,322,110	¥—
(2) Investment securities:						
Held-to-maturity bonds	9,428	9,221	(207)	9,446	9,530	83
<b>Total</b>	<b>¥48,635,887</b>	<b>¥48,635,679</b>	<b>¥(207)</b>	<b>¥47,331,556</b>	<b>¥47,331,640</b>	<b>¥83</b>
Liabilities						
(3) Current portion of investment corporation bonds	¥4,000,000	¥3,996,474	¥(3,525)	¥4,000,000	¥4,000,002	¥2
(4) Current portion of long-term loans	26,358,000	26,389,911	31,911	35,858,000	35,915,307	57,307
(5) Investment corporation bonds	26,000,000	25,694,642	(305,357)	30,000,000	30,048,552	48,552
(6) Long-term loans	322,200,000	325,573,734	3,373,734	308,700,000	312,906,759	4,206,759
(7) Tenant leasehold and security deposits in trust	480,948	470,352	(10,595)	446,437	441,081	(5,356)
<b>Total</b>	<b>¥379,038,948</b>	<b>¥382,125,116</b>	<b>¥3,086,168</b>	<b>¥379,004,437</b>	<b>¥383,311,704</b>	<b>¥4,307,267</b>
(8) Derivatives (*)	¥(674,687)	¥(674,687)	¥—	¥(553,713)	¥(553,713)	¥—

(\*) 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) Cash and bank deposits

These instruments are settled in the short term and their fair value is approximately equal to their book value. Thus, the book value is used as the fair value.

(2) 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:**

(3) Current portion of investment corporation bonds and (5) 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.

(4) Current portion of long-term loans and (6) 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.

(7) Tenant leasehold and security deposits in trust

For tenant leasehold and security deposit in trust whose fair value is reasonably estimated, the fair value is calculated by discounting future cash flows by the interest rate assumed for the remaining period of the lease.

(8) Derivatives

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

2. Financial instruments whose fair value is deemed extremely difficult to determine

	As of	
	February 28, 2021	August 31, 2021
	(Yen in thousands)	
Tenant leasehold and security deposits	¥333,342	¥333,710
Tenant leasehold and security deposits in trust	21,258,614	21,411,130

These are excluded from the scope of fair value disclosure because they are not marketable, and the actual deposit period is not estimable as leases may be cancelled, renewed or re-signed even if a lease term is set in the lease contract, which in turn makes it difficult to reasonably estimate future cash flows.

3. Redemption schedule for monetary claims after February 28, 2021 and August 31, 2021 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
	(Yen in thousands)					
<b>As of February 28, 2021</b>						
Cash and bank deposits	¥48,626,458	¥—	¥—	¥—	¥—	¥—
Investment securities	—	—	—	—	—	10,000
<b>Total</b>	<b>¥48,626,458</b>	<b>¥—</b>	<b>¥—</b>	<b>¥—</b>	<b>¥—</b>	<b>¥10,000</b>
	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)					
<b>As of August 31, 2021</b>						
Cash and bank deposits	¥47,322,110	¥—	¥—	¥—	¥—	¥—
Investment securities	—	—	—	—	—	10,000
<b>Total</b>	<b>¥47,322,110</b>	<b>¥—</b>	<b>¥—</b>	<b>¥—</b>	<b>¥—</b>	<b>¥10,000</b>

4. Repayment schedule for investment corporation bonds and long-term loans after February 28, 2021 and August 31, 2021 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
<b>As of February 28, 2021</b>						
	(Yen in thousands)					
Investment corporation bonds (*)	¥4,000,000	¥—	¥—	¥5,000,000	¥2,400,000	¥18,600,000
Long-term loans (*)	26,358,000	42,500,000	42,100,000	35,100,000	44,600,000	157,900,000
<b>Total</b>	<b>¥30,358,000</b>	<b>¥42,500,000</b>	<b>¥42,100,000</b>	<b>¥40,100,000</b>	<b>¥47,000,000</b>	<b>¥176,500,000</b>
<b>As of August 31, 2021</b>						
	(Yen in thousands)					
Investment corporation bonds (*)	¥4,000,000	¥—	¥—	¥7,400,000	¥—	¥22,600,000
Long-term loans (*)	35,858,000	37,900,000	44,700,000	35,100,000	46,100,000	144,900,000
<b>Total</b>	<b>¥39,858,000</b>	<b>¥37,900,000</b>	<b>¥44,700,000</b>	<b>¥42,500,000</b>	<b>¥46,100,000</b>	<b>¥167,500,000</b>

(\*) 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 February 28, 2021 and August 31, 2021 are as follows:

	As of					
	February 28, 2021			August 31, 2021		
	(Yen in thousands)					
	Book value	Fair value	Difference	Book value	Fair value	Difference
Fair value exceeding the book value						
Held-to-maturity bonds:						
Government bonds	¥—	¥—	¥—	¥9,446	¥9,530	¥83
Subtotal	—	—	—	9,446	9,530	83
Fair value not exceeding the book value						
Held-to-maturity bonds:						
Government bonds	9,428	9,221	(207)	—	—	—
Subtotal	9,428	9,221	(207)	—	—	—
<b>Total</b>	<b>¥9,428</b>	<b>¥9,221</b>	<b>¥(207)</b>	<b>¥9,446</b>	<b>¥9,530</b>	<b>¥83</b>

## 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					
		February 28, 2021			August 31, 2021		
		(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/		¥47,500,000	¥37,500,000	¥(674,687)	¥44,500,000	¥34,000,000	¥(553,713)
Pay fixed				(Note 1)			(Note 1)
<u>Special treatment for interest-rate swaps</u>							
Interest-rate swap	Long-term loan						
Receive floating/		71,758,000	64,900,000	(Note 2)	71,758,000	54,900,000	(Note 2)
Pay fixed							
Total		¥119,258000	¥102,400,000	¥(674,687)	¥116,258,000	¥88,900,000	¥(553,713)

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 February 28, 2021 and August 31, 2021, the unamortized balances of goodwill from the Merger were ¥61,449,024 thousand and ¥59,466,797 thousand, respectively.

### Note 8 – Investment Properties

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

	As of					
	February 28, 2021			August 31, 2021		
	(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	25,375,403	5,404,035	19,971,367	25,684,276	5,667,304	20,016,971
Structures	231,826	51,462	180,364	241,007	54,341	186,666
Machinery and equipment	466,382	171,537	294,845	470,918	182,442	288,476
Tools, furniture and fixtures	714,203	453,849	260,353	760,756	482,864	277,892
Property and equipment in trust:						
Land	387,101,719	—	387,101,719	389,983,140	—	389,983,140
Buildings	386,663,526	48,145,286	338,518,240	390,063,053	52,144,567	337,918,486
Structures	9,409,913	1,356,606	8,053,306	9,506,605	1,536,018	7,970,586
Machinery and equipment	2,742,297	1,372,731	1,369,566	2,549,001	1,299,698	1,249,302
Tools, furniture and fixtures	1,611,570	708,105	903,465	1,745,809	805,032	940,776
Construction in progress	389,488	—	389,488	504,011	—	504,011
<b>Total</b>	<b>¥836,417,656</b>	<b>¥57,663,613</b>	<b>¥778,754,043</b>	<b>¥843,219,905</b>	<b>¥62,172,269</b>	<b>¥781,047,636</b>

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	
	February 28, 2021	August 31, 2021
	(Yen in thousands)	
Buildings in trust	¥—	¥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	
	February 28, 2021	August 31, 2021
	(Yen in thousands)	
<b>Book value:</b>		
Balance at beginning of the period	¥786,688,719	¥784,679,091
Net change during the period	(2,009,627)	2,246,180
Balance at end of the period	¥784,679,091	¥786,925,272
<b>Fair value at end of the period</b>	<b>¥919,854,000</b>	<b>¥939,116,000</b>

Notes:

1. The book value above includes leasehold rights in trust of ¥5,925,048 thousand and ¥5,877,635 thousand as of February 28, 2021 and August 31, 2021, respectively.
2. For the period ended February 28, 2021, the increase is mainly due to the acquisition of Candeo Hotels Nagasaki Shinchin Chinatown (¥3,162,154 thousand), while the decrease is mainly attributable to the sale of two properties including Castalia Maruyama Omotesando (¥1,840,959 thousand) and depreciation. For the period ended August 31, 2021, the increase is mainly due to the acquisition of DPL Shin-Narashino (¥5,984,736 thousand), while the decrease is mainly attributable to the sale of Big Tower Minami Sanjo (¥1,183,363 thousand) and depreciation.
3. The fair value at end of the period represents the value assessed by third-party real estate appraisers. As to Castalia Ohori Bay Tower, which was disposed of on September 30, 2021, the fair value as of August 31, 2021 is measured based on the selling price (¥3,740,000 thousand) stated in the purchase and sale agreement of the real estate trust beneficiary interest on July 2, 2021.



**Note 10 – Rental Revenues and Expenses**

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

	For the fiscal periods ended	
	February 28, 2021	August 31, 2021
	(Yen in thousands)	
<b>Rental revenues:</b>		
Rental revenues	¥25,543,608	¥25,546,684
Common area charges	559,314	556,584
Subtotal	26,102,923	26,103,268
Other revenues related to property leasing:		
Facility charges	437,506	431,429
Incidental revenues	362,007	411,211
Other revenues	357,773	417,084
Subtotal	1,157,287	1,259,726
Total rental revenues	¥27,260,211	¥27,362,994
<b>Rental expenses:</b>		
Management fees	¥1,500,676	¥1,529,941
Utilities	404,932	428,069
Taxes and public dues	1,978,501	2,166,782
Repairs	1,021,181	1,571,777
Restoration costs	279,613	374,684
Insurance premiums	32,477	32,849
Custodian fees	62,247	57,964
Depreciation and amortization	5,271,595	5,271,752
Other operating expenses	628,476	647,973
Total rental expenses	¥11,179,703	¥12,081,795
<b>Operating income from property leasing activities</b>	<b>¥16,080,507</b>	<b>¥15,281,199</b>

**Note 11 – 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 February 28, 2021 and August 31, 2021 are as follows:

	For the fiscal periods ended	
	February 28, 2021	August 31, 2021
	(Yen in thousands)	
Balance at beginning of the period	¥652,172	¥658,347
Increase due to acquisitions of property and equipment	—	—
Accretion expense	6,174	6,238
Balance at end of the period	¥658,347	¥664,585

**Note 12 – 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 13 – 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 February 28, 2021, DHR determined the cash distribution amount of ¥12,859,776,000 (¥5,856 per unit) by totaling net income of ¥11,098,720,597 and the amount equivalent to goodwill amortization expenses of ¥1,982,226,586, subtracting ¥219,667,216 that is the amount equivalent to part of gain on sale of investment properties and adjusting the fractional parts of amounts less than ¥1 per investment unit. Of this cash distribution amount, ¥11,201,796,000 is distributed as distribution of earnings and ¥1,657,980,000 is distributed as distribution in excess of earnings, which is appropriated from capital surplus as allowance for temporary difference adjustments.

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

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 February 28, 2021 and August 31, 2021, the balances of allowance for temporary differences are ¥50,508 thousand and ¥1,708,488 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			
	February 28, 2021		August 31, 2021	
	(Yen)			
	Total	Per unit	Total	Per unit
Unappropriated retained earnings	¥11,877,987,944		¥12,295,795,753	
Deduction from capital surplus:				
Allowance for temporary difference adjustments	1,657,980,000		1,693,116,000	
	¥13,535,967,944		¥13,988,911,753	
Cash distributions:				
Distribution of earnings	¥11,201,796,000	¥5,101	¥11,742,012,000	¥5,347
Distribution in excess of earnings	1,657,980,000	755	1,693,116,000	771
Total cash distributions	¥12,859,776,000	¥5,856	¥13,435,128,000	¥6,118
Retained earnings carried forward	¥676,191,944		¥553,783,753	

#### Note 14 – 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 February 28, 2021 and August 31, 2021. 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	
				February 28, 2021	August 31, 2021
				(Yen in thousands)	
Daiwa House REIT Investment Corporation 1st Unsecured Bonds	December 24, 2014	December 24, 2024	0.826%	¥2,000,000	¥2,000,000
Daiwa House Residential Investment Corporation 3rd Unsecured Bonds	January 22, 2015	January 22, 2025	0.67	3,000,000	3,000,000
Daiwa House REIT Investment Corporation 5th Unsecured Bonds	December 20, 2016	December 20, 2021	0.24	4,000,000	4,000,000
Daiwa House REIT Investment Corporation 6th Unsecured Bonds	December 20, 2016	December 18, 2026	0.57	4,000,000	4,000,000
Daiwa House REIT Investment Corporation 7th Unsecured Bonds	July 30, 2018	July 30, 2030	0.69	2,000,000	2,000,000
Daiwa House REIT Investment Corporation 8th Unsecured Bonds	July 30, 2018	July 30, 2038	1.03	1,000,000	1,000,000
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
Total				¥30,000,000	¥34,000,000

## Note 15 – 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 February 28, 2021 and August 31, 2021.

	Due date	As of			
		February 28, 2021		August 31, 2021	
		(Yen in thousands)	Interest rate	(Yen in thousands)	Interest rate
<b>Long-term loans:</b>					
Floating-rate loan (*)	April 1, 2021	¥3,000,000	1.05%	¥—	—%
Floating-rate loan (*)	November 30, 2021	7,000,000	0.51	7,000,000	0.51
Fixed-rate loan	April 30, 2021	9,500,000	0.40	—	—
Floating-rate loan (*)	January 31, 2022	6,858,000	0.61	6,858,000	0.61
Floating-rate loan (*)	April 28, 2022	10,000,000	0.66	10,000,000	0.66
Floating-rate loan (*)	December 28, 2022	10,500,000	0.59	10,500,000	0.59
Floating-rate loan (*)	April 1, 2022	3,500,000	1.21	3,500,000	1.21
Floating-rate loan (*)	October 3, 2022	3,000,000	0.87	3,000,000	0.87
Floating-rate loan (*)	September 28, 2022	4,000,000	0.65	4,000,000	0.65
Fixed-rate loan	September 9, 2022	1,000,000	0.43	1,000,000	0.43
Fixed-rate loan	April 28, 2022	6,500,000	0.42	6,500,000	0.42
Floating-rate loan	August 31, 2022	2,000,000	0.25	2,000,000	0.26
Floating-rate loan	October 31, 2022	2,000,000	0.29	2,000,000	0.31
Floating-rate loan (*)	March 27, 2023	2,000,000	1.50	2,000,000	1.50
Fixed-rate loan	September 29, 2023	1,000,000	1.00	1,000,000	1.00
Floating-rate loan (*)	October 2, 2023	4,000,000	0.99	4,000,000	0.99
Floating-rate loan (*)	May 31, 2023	4,000,000	0.71	4,000,000	0.71
Fixed-rate loan	March 31, 2023	10,400,000	0.41	10,400,000	0.41
Fixed-rate loan	September 29, 2023	10,000,000	0.57	10,000,000	0.57
Fixed-rate loan	March 31, 2023	1,000,000	0.44	1,000,000	0.44
Fixed-rate loan	September 29, 2023	1,000,000	0.43	1,000,000	0.43
Floating-rate loan	September 29, 2023	6,700,000	0.28	6,700,000	0.29
Fixed-rate loan	January 31, 2024	2,000,000	0.88	2,000,000	0.88
Floating-rate loan (*)	April 1, 2024	3,000,000	1.52	3,000,000	1.52
Fixed-rate loan	September 30, 2024	1,000,000	0.73	1,000,000	0.73
Fixed-rate loan	March 29, 2024	11,000,000	0.48	11,000,000	0.48
Fixed-rate loan	March 29, 2024	1,000,000	0.55	1,000,000	0.55
Fixed-rate loan	April 30, 2024	5,000,000	0.52	5,000,000	0.52
Fixed-rate loan	October 31, 2024	8,100,000	0.39	8,100,000	0.39
Fixed-rate loan	October 31, 2024	6,000,000	0.35	6,000,000	0.35
Floating-rate loan (*)	October 1, 2025	4,000,000	1.23	4,000,000	1.23
Fixed-rate loan	October 1, 2025	3,000,000	1.18	3,000,000	1.18
Floating-rate loan (*)	May 30, 2025	4,000,000	0.97	4,000,000	0.97
Fixed-rate loan	September 29, 2025	9,000,000	0.63	9,000,000	0.63
Fixed-rate loan	March 31, 2025	11,000,000	0.70	11,000,000	0.70
Fixed-rate loan	April 30, 2025	5,000,000	0.60	5,000,000	0.60

	Due date	As of			
		February 28, 2021		August 31, 2021	
		(Yen in thousands)	Interest rate	(Yen in thousands)	Interest rate
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
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
Fixed-rate loan	April 1, 2027	1,500,000	1.46	1,500,000	1.46
Fixed-rate loan	March 31, 2027	2,000,000	0.85	2,000,000	0.85
Fixed-rate loan	July 30, 2027	12,100,000	0.89	12,100,000	0.89
Fixed-rate loan	November 30, 2027	16,000,000	0.90	16,000,000	0.90
Fixed-rate loan	September 30, 2027	1,500,000	0.75	1,500,000	0.75
Fixed-rate loan	April 30, 2027	500,000	0.50	500,000	0.50
Fixed-rate loan	July 30, 2027	8,400,000	0.46	8,400,000	0.46
Fixed-rate loan	September 30, 2027	1,000,000	0.46	1,000,000	0.46
Fixed-rate loan	April 28, 2028	10,000,000	1.02	10,000,000	1.02
Fixed-rate loan	April 28, 2028	10,000,000	0.89	10,000,000	0.89
Fixed-rate loan	December 29, 2028	5,000,000	0.88	5,000,000	0.88
Fixed-rate loan	April 28, 2028	1,500,000	0.59	1,500,000	0.59
Fixed-rate loan	September 29, 2028	1,000,000	0.51	1,000,000	0.51
Fixed-rate loan	January 31, 2028	3,500,000	0.37	3,500,000	0.37
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
Floating-rate loan (*)	January 31, 2030	9,000,000	0.61	9,000,000	0.61
Floating-rate loan (*)	April 30, 2030	10,000,000	0.62	10,000,000	0.62
Fixed-rate loan	April 1, 2031	—	—	3,000,000	0.70
<b>Total long-term loans</b>		348,558,000		344,558,000	
Less: current portion		(26,358,000)		(35,858,000)	
<b>Long-term loans, less current portion</b>		¥322,200,000		¥308,700,000	

(\*) 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 February 28, 2021 and August 31, 2021 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 February 28, 2021 and August 31, 2021 is as follows:

	As of	
	February 28, 2021	August 31, 2021
	(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 16 – Lease Transactions

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

	As of	
	February 28, 2021	August 31, 2021
	(Yen in thousands)	
Due within one year	¥28,549,133	¥28,746,903
Due after one year	187,631,003	178,408,660
<b>Total</b>	<b>¥216,180,136</b>	<b>¥207,155,564</b>

#### Note 17 – 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	
	February 28, 2021	August 31, 2021
	(Yen in thousands)	
<b>Deferred tax assets:</b>		
Excess provision of allowance for doubtful accounts	¥471	¥86
Deferred interest income	187,672	154,713
Valuation difference at the time of merger (Land and Buildings)	2,329,948	2,256,599
Asset retirement obligations	207,115	209,078
Deferred gains or losses on hedges	212,256	174,198
Amortization of fixed-term land lease rights	181,532	196,448
Other	8,914	8,336
Subtotal	3,127,912	2,999,460
Valuation reserve	(3,127,912)	(2,999,460)
<b>Total deferred tax assets</b>	<b>—</b>	<b>—</b>
<b>Deferred tax liabilities:</b>		
Valuation difference at the time of merger (Investment securities)	¥(657)	¥(637)
Valuation difference at the time of merger (Land and Buildings)	(13,376,015)	(13,339,491)
Asset retirement costs	(176,009)	(175,992)
Subtotal	(13,552,682)	(13,516,122)
Valuation reserve	13,552,682	13,516,122
<b>Total deferred tax liabilities</b>	<b>—</b>	<b>—</b>
<b>Net deferred tax assets</b>	<b>¥—</b>	<b>¥—</b>

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	
	February 28, 2021	August 31, 2021
Statutory tax rate	31.46%	31.46%
Adjustments:		
Tax-deductible cash distributions paid	(36.45)	(36.37)
Use of loss carryforward assumed at the time of merger	(0.20)	—
Amortization of goodwill	5.62	5.37
Change in valuation allowance	(0.44)	(0.46)
Other	0.01	0.01
Effective tax rate	0.01%	0.01%

**Note 18 – Gain on Sale of Investment Properties**

For the period ended February 28, 2021, DHR sold two investment properties and reported gains as follows:

	For the fiscal period ended
	February 28, 2021
	(Yen in thousands)
Castalia Maruyama Urasando	
Proceeds from sale of investment properties	¥720,000
Cost of investment properties sold	350,389
Other sales expenses	25,260
Gain on sale of investment properties	¥344,350
Castalia Maruyama Omotesando	
Proceeds from sale of investment properties	¥2,055,000
Cost of investment properties sold	1,490,569
Other sales expenses	71,985
Gain on sale of investment properties	¥492,445

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

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

**Note 19 – Per Unit Information**

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

	For the fiscal periods ended	
	February 28, 2021	August 31, 2021
	(Yen)	
<b>Earnings per unit:</b>		
Net income per unit	¥5,054	¥5,291
Weighted average number of units outstanding (units)	2,196,000	2,196,000
	As of	
	February 28, 2021	August 31, 2021
	(Yen)	
<b>Net assets per unit</b>	¥223,400	¥222,890

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 February 28, 2021 and August 31, 2021 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 February 28, 2021 and August 31, 2021, 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 February 28, 2021 and August 31, 2021, information about geographic areas has been omitted.

##### (2) Investment properties

Since over 90% of total investment properties on the balance sheets as of February 28, 2021 and August 31, 2021, 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 February 28, 2021 and August 31, 2021, information about major customers has been omitted.

### **Note 22 – Accounting Standards Issued But Not Yet Applied**

As of August 31, 2021, DHR has not yet applied the following accounting standards and their implementation guidance.

#### ***(a) Accounting Standard for Revenue Recognition and its Implementation Guidance***

“Accounting Standard for Revenue Recognition” (Accounting Standards Board of Japan (“ASBJ”) Statement No. 29, March 31, 2020)

“Implementation Guidance on Accounting Standard for Revenue Recognition” (ASBJ Guidance No. 30, March 26, 2021)

“Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19, March 31, 2020)

##### (1) Overview

Conducting a joint project to clarify the comprehensive principles for recognizing revenues, the International Accounting Standards Board (“IASB”) and the Financial Accounting Standards Board (“FASB”) in the U.S. issued “Revenue from Contracts with Customers” (IFRS 15 by IASB and Topic 606 by FASB) in May 2014. IFRS 15 became effective from fiscal periods beginning on or after January 1, 2018 and Topic 606 became effective from fiscal periods beginning after December 15, 2017. Under these circumstances, ASBJ also developed a comprehensive accounting standard for revenue recognition and issued a new standard together with its implementation guidance.

As a basic policy for the development of the new standard, ASBJ determined to adopt the core principles of IFRS 15 in order to enhance comparability of financial statements, which is one of the benefits of consistency with IFRS 15. In addition, for any item to be considered arising from business practices in Japan, alternative treatments shall be added to the extent that comparability is not impaired.

##### (2) Scheduled date of application

DHR will apply the aforementioned standard and guidance from the beginning of the fiscal period ending February 28, 2022.

##### (3) Effect of application of the new accounting standard

The effect of application of the aforementioned standard on DHR’s financial statements is currently under evaluation.

#### ***(b) Accounting Standard for Fair Value Measurement and its Implementation Guidance***

“Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019)

“Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021)

“Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19, March 31, 2020)

##### (1) Overview

Developing accounting standards for fair value measurement, IASB and FASB issued new common fair value measurement in May 2011 (IFRS 13 by IASB and update to Topic 820 by FASB). IFRS 13 became effective from fiscal periods beginning on or after January 1, 2013 and Topic 820 became effective from fiscal periods beginning after December 15, 2011. Under these circumstances, ASBJ also developed an accounting standard for fair value measurement and issued a new standard together with its implementation guidance.

As a basic policy for the development of the new standard, ASBJ determined to generally adopt all the principles of IFRS 13 in order to enhance comparability of financial statements among domestic and overseas companies, by applying the consistent measurement methods. However, for any item to be considered arising from business practices in Japan, other treatment for the item shall be determined to the extent that comparability is not impaired.

##### (2) Scheduled date of application

DHR will apply the aforementioned standard and guidance from the beginning of the fiscal period ending February 28, 2022.

##### (3) Effect of application of the new accounting standard

The effect of application of the aforementioned standard on DHR’s financial statements has not yet been evaluated.



**Note 23 – Subsequent Events****(a) Issuance of New Investment Units**

At the Board of Directors' meetings held on August 18, 2021 and on August 25, 2021, it was resolved to issue new investment units as described below. The proceeds from the issuance of new investment units through a public offering were fully received on September 1, 2021, while the proceeds from the issuance of new investment units through a third-party allotment were fully received on September 28, 2021.

After the issuance, unitholders' capital increased to ¥268,042 million and the number of investment units issued and outstanding came to 2,320,000 units.

**(1) Issuance of new investment units through a public offering**

Number of new investment units issued:	115,000 units (72,300 units in Japan and 42,700 units overseas)
Issue price:	¥301,791 per unit
Total issue price:	¥34,705,965,000
Amount paid in (issue value):	¥292,552 per unit
Total amount paid in (issue value):	¥33,643,480,000
Payment date:	September 1, 2021

**(2) Issuance of new investment units through a third-party allotment**

Number of new investment units issued:	9,000 units
Amount paid in (issue value):	¥292,552 per unit
Total amount paid in (issue value):	¥2,632,968,000
Payment date:	September 28, 2021
Allottee:	Nomura Securities Co., Ltd.

**(b) Acquisition of Investment Properties**

DHR acquired trust beneficiary interests in the following properties.

Property name	Acquisition price (Note 1) (Yen in thousands)	Asset class	Seller (Note 2)	Acquisition date
DPL Nagareyama III	¥32,000,000	Logistics	Kabushiki Kaisha Nagareyama Kyodo Kaihatsu	October 1, 2021
D Project Wako A (50% quasi co-ownership)	10,750,000	Logistics	Daiwa House Industry Co., Ltd.	September 3, 2021
D Project Hiratsuka	15,200,000	Logistics	Daiwa House Twin City Okami Tokutei Mokuteki Kaisya	October 1, 2021
GRANODE Hiroshima (additional acquisition of 50% quasi co-ownership) (Note 3)	14,400,000	Other	Daiwa House Industry Co., Ltd.	September 3, 2021

Notes:

- The acquisition prices do not include acquisition-related expenses, taxes and dues adjustments at settlement and consumption taxes.

- i) Kabushiki Kaisha Nagareyama Kyodo Kaihatsu, the seller of DPL Nagareyama III; ii) Daiwa House Twin City Okami Tokutei Mokuteki Kaisya, the seller of D Project Hiratsuka; and iii) Daiwa House Industry Co., Ltd., the seller of D Project Wako A and GRANODE Hiroshima, are each deemed as an interested party as defined in the Investment Trust Act.

The Asset Manager has gone through the necessary discussion and approval procedures in accordance with the Asset Manager's internal rules on transactions with interested parties.

- Regarding GRANODE Hiroshima, DHR acquired 50% quasi co-ownership on April 3, 2020, and this additional acquisition of 50% quasi co-ownership resulted in DHR's 100% ownership of this property.

**(c) Borrowing of Funds**

Subsequent to the balance sheet date, DHR obtained the following loans to acquire assets as stated in "(b) Acquisition of Investment Properties" above. None of the loans are secured by collateral or guaranteed.

	Loan amount (Yen in millions)	Interest rate	Loan execution date	Repayment date
<b>Short-term loans:</b>				
Floating-rate loan	¥1,000	1-month TIBOR + 0.175%	September 3, 2021	September 2, 2022
Floating-rate loan	1,000	1-month TIBOR + 0.175%	September 3, 2021	September 2, 2022
Floating-rate loan	1,000	1-month TIBOR + 0.175%	September 3, 2021	September 2, 2022
Floating-rate loan	1,000	1-month TIBOR + 0.175%	September 3, 2021	September 2, 2022
<b>Long-term loans:</b>				
Fixed-rate loan	10,500	0.56419%	September 3, 2021	August 29, 2031
Fixed-rate loan	1,000	0.800%	September 3, 2021	August 31, 2033
Fixed-rate loan	3,000	0.28037%	October 1, 2021	March 31, 2026
Fixed-rate loan	10,500	0.37292%	October 1, 2021	September 29, 2028



## VII. Independent Auditor's Report



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Tel: +81 3 3503 1100  
ey.com

### 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 August 31, 2021 and February 28, 2021, and the statements of income, 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 August 31, 2021 and February 28, 2021, and its financial performance and its cash flows for the six-month periods then ended in accordance with accounting principles generally accepted in Japan.

#### Basis for Opinion

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

#### Responsibilities of Management and Supervisory Directors for the Financial Statements

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

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

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

#### Auditor's Responsibilities for the Audit of the Financial Statements

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



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

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

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

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

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

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





Ernst & Young ShinNihon LLC  
Tokyo, Japan

November 19, 2021

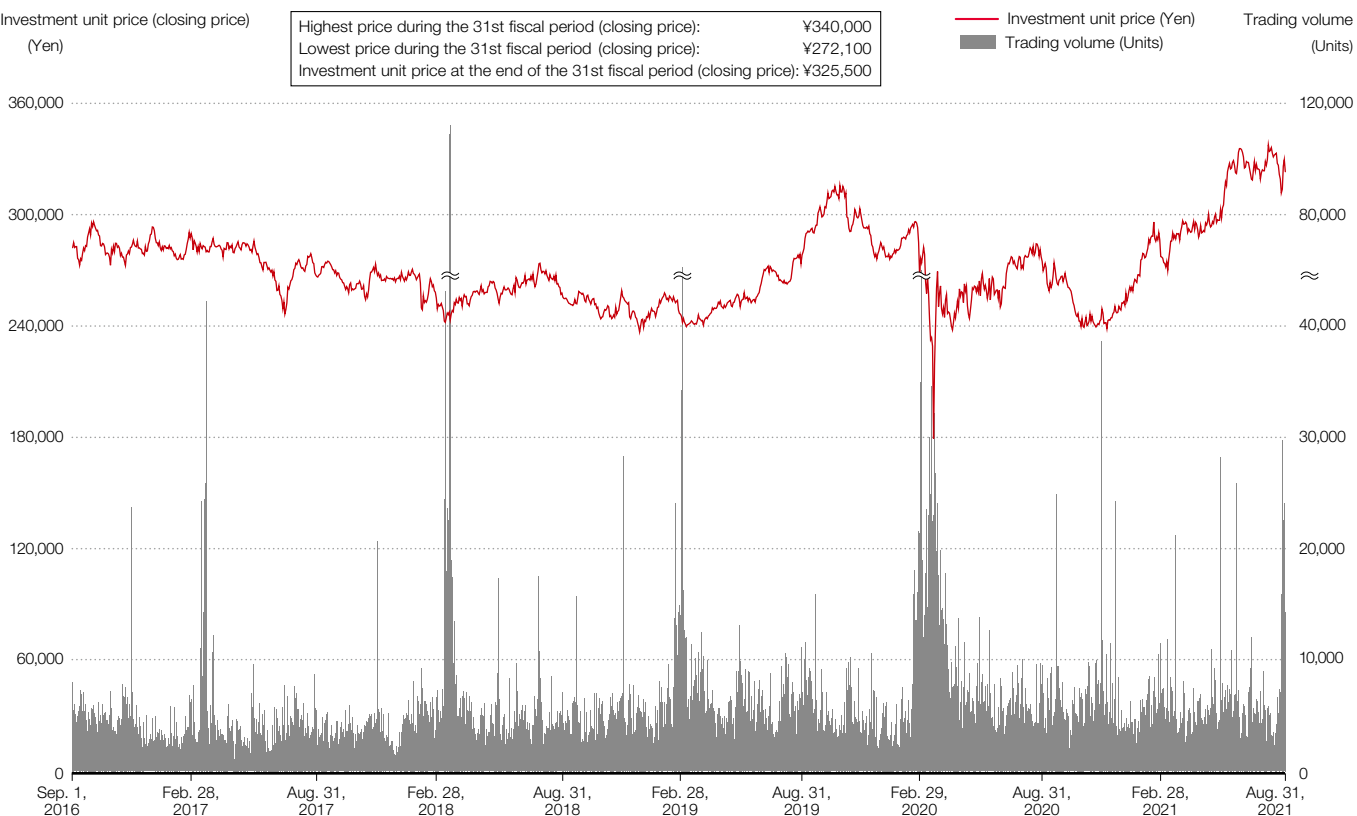
Shuji Kaneko  
Designated Engagement Partner  
Certified Public Accountant

Satoshi Abe  
Designated Engagement Partner  
Certified Public Accountant

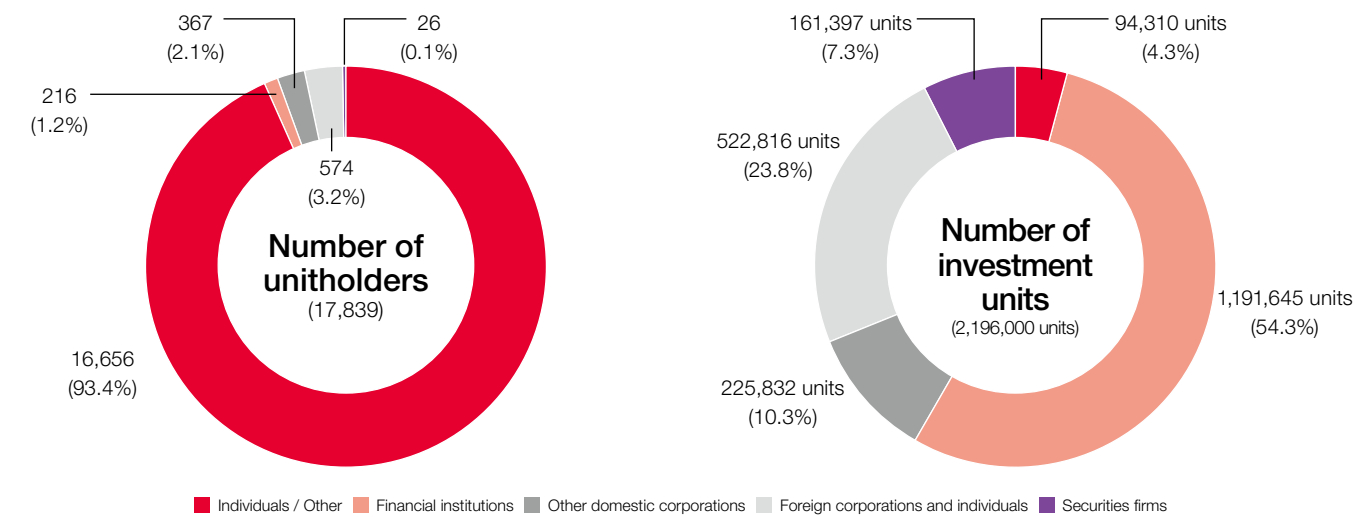


# Investor Information

## Investment Unit Price



## Unitholders Data (as of August 31, 2021)



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

## Outline of the Asset Manager

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

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

**Established** : September 1, 2004

**Paid-in Capital** : ¥300 million

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

## Procedures for Changes of Address, etc.

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

## Receipt of Distributions

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

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

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

## Distribution Statement

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

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

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

### Use of the My Number for Investment Unit Related Business

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

[Contact address for inquiries on submitting My Number]  
■ Unitholders whose investment units are managed by a securities account  
➡ Please direct your inquiries to your securities company, etc.  
■ Unitholders not conducting transactions via a securities company  
➡ Please call the following toll-free phone number.  
Stock Transfer Agency Business Planning Dept. of Sumitomo Mitsui Trust Bank, Limited TEL: 0120-782-031

## Note for Unitholders

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