



## Sustainability Report

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 Daiwa House REIT Investment Corporation

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



For the **35**th Fiscal Period **Semi-Annual Report**  
From March 1, 2023 to August 31, 2023



 Daiwa House REIT Investment Corporation



# Overview of the 35th Fiscal Period Ended August 31, 2023

We would like to report on the financial results and give an overview of operations of Daiwa House REIT Investment Corporation (hereinafter referred to as "DHR") in the 35th fiscal period ended August 31, 2023.

DHR acquired one hotel property (acquisition price of approximately ¥3.1 billion) in March 2023. DHR disposed of one residential property (disposition price of approximately ¥1.0 billion), recording a gain on sales of approximately ¥0.3 billion. As a result, DHR's portfolio as of the end of the current fiscal period consisted of 230 properties with an asset size of ¥897.5 billion (total acquisition price). Our occupancy rate at the end of the current fiscal period was 99.6%. In addition, DHR acquired one hotel property (acquisition price of approximately ¥5.1 billion) in September 2023 and one logistics property (acquisition price of approximately ¥3.1 billion) in October 2023, both of which fall in the following fiscal period.

Regarding the Japanese economy, economic activity continues to normalize on account of the easing of restrictions against the spread of COVID-19. Meanwhile, we must be aware of the future impact on economic activities of factors including the impact of risk of a rise in interest rates due to changes to the monetary easing policy by the Bank of Japan, the world's central banks raising interest rates, the risk of economic slowdown because of a downturn in overseas economies, stagnation in the real estate market in China, and surging resource prices.

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

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



**Toshiharu Asada**  
Executive Director  
Daiwa House REIT Investment Corporation



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

## CONTENTS

Overview of the 35th Fiscal Period Ended August 31, 2023	2	III. Statements of Income and Retained Earnings	49
Financial Highlights	3	IV. Statements of Changes in Net Assets	50
Portfolio Highlights	4	V. Statements of Cash Flows	52
Initiatives to Pursue Growth	5	VI. Notes to Financial Statements	53
ESG Initiatives	6	VII. Independent Auditor's Report	76
I. Asset Management Report	7	Investor Information	79
II. Balance Sheets	47		

# Financial Highlights

## Distributions

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

**35th Fiscal Period**  
**¥5,643**

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

\*Distribution payments start date is November 13, 2023.

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

**36th period** **¥5,650**

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

**37th period** **¥5,650**

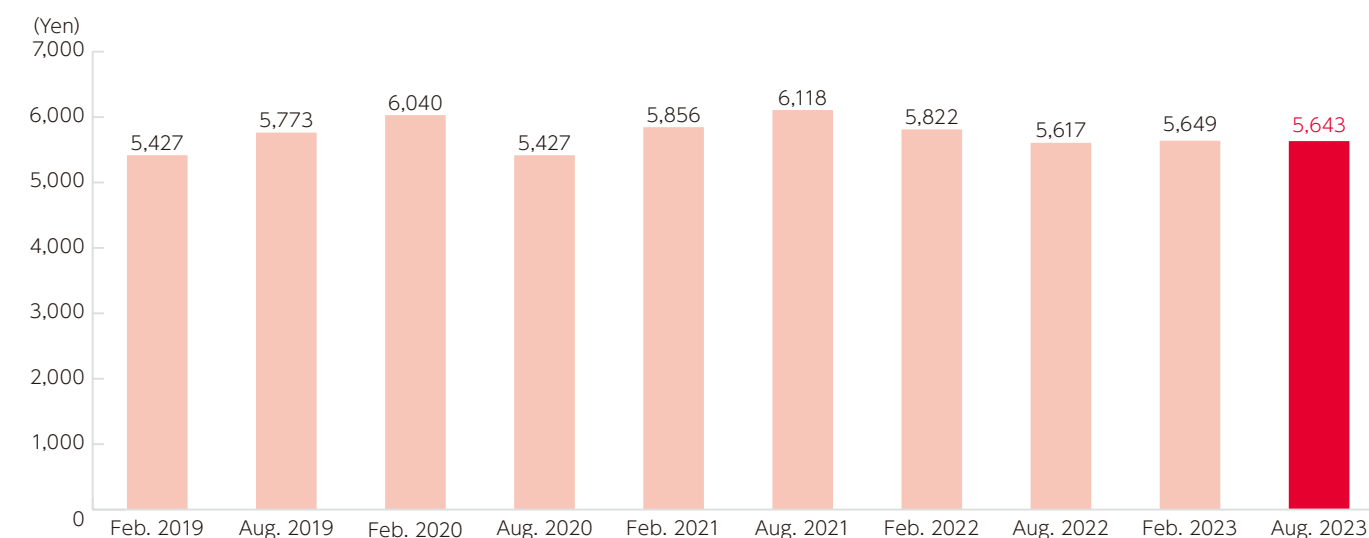
(From March 1, 2024 to August 31, 2024)

(Note 1) Distributions per unit for the fiscal period ended August 31, 2023 include distributions in excess of earnings of ¥802 (which do not apply to return of capital).

(Note 2) Forecast distributions per unit are as of October 18, 2023, and actual distributions per unit may vary from the forecast. Furthermore, these forecasts do not guarantee the amount of distributions.

In addition, distributions per unit include distributions in excess of earnings, and we forecast distributions in excess of earnings per unit of ¥854 (including return of capital of ¥45) for the fiscal period ending February 29, 2024 and ¥846 (including return of capital of ¥32) for the fiscal period ending August 31, 2024.

## Distributions per Unit



## Operating Results

	Fiscal period ended February 28, 2023	Fiscal period ended August 31, 2023
Operating revenues	¥29,489 million	¥29,920 million
Operating income	¥12,740 million	¥12,914 million
Net income	¥11,123 million	¥11,224 million

**Asset size**  
(acquisition price basis) **¥897.5 billion**

**Period-end occupancy rate** **99.6%**

**LTV**  
(excluding goodwill) **44.9%**

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

# Portfolio Highlights

## Summary

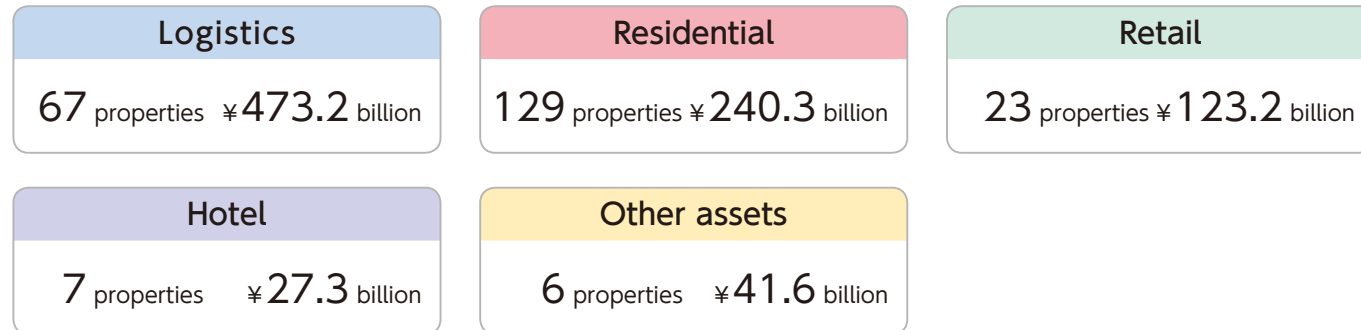
(As of October 2, 2023)

Number of properties

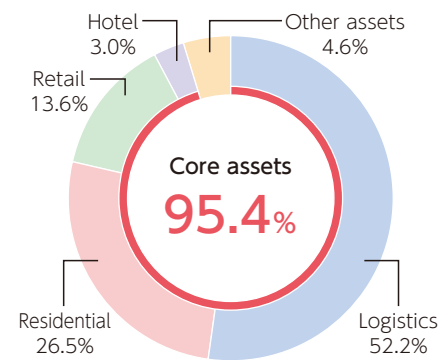
**232 properties**

Asset size (acquisition price basis)

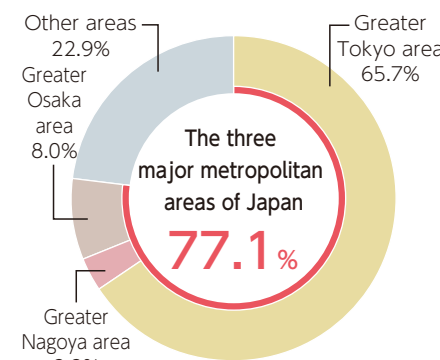
**¥905.7 billion**



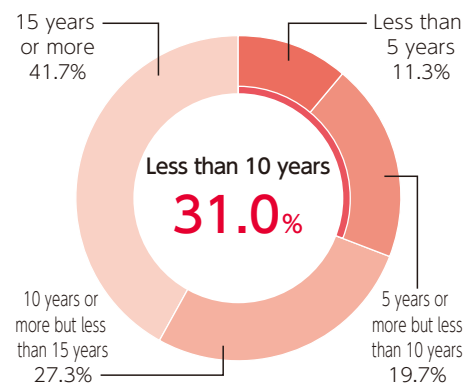
### By asset class



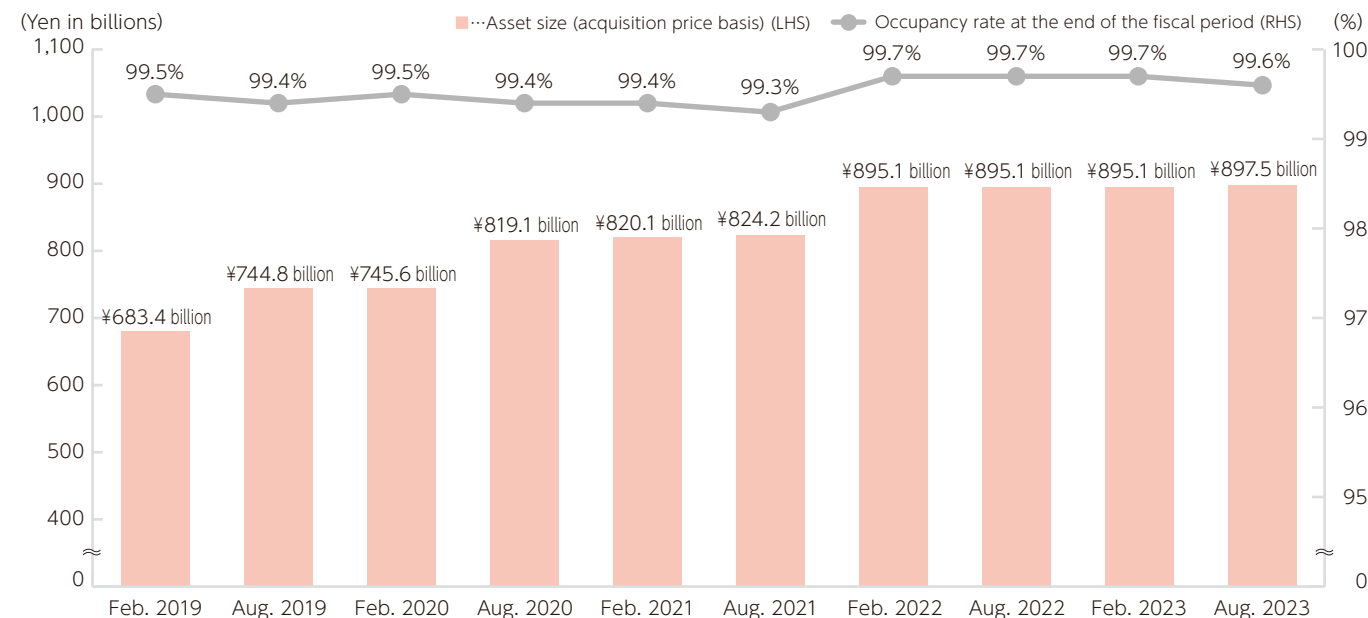
### By area



### By property age



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



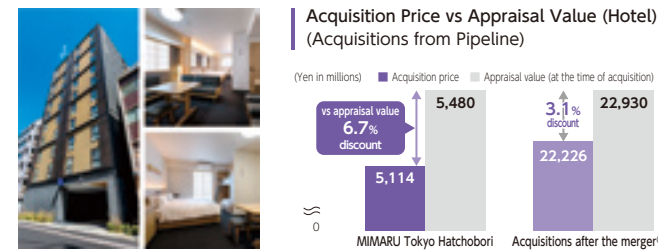
# Initiatives to Pursue Growth

## Continued Strong Support from Sponsor (New Acquisitions)

- ✓ Acquired MIMARU Tokyo Hatchobori and D Project Kadoma I from pipeline of Daiwa House Group
- ✓ Both acquired at a larger discount to appraisal value compared to the past acquisitions

### HO-007 Hotel

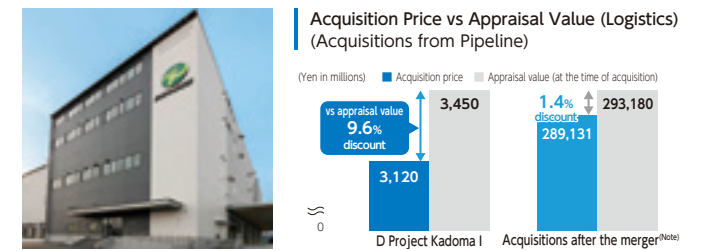
#### MIMARU Tokyo Hatchobori



Location	Chuo Ward, Tokyo
Construction date	February 27, 2019
Acquisition price	¥5,114 million
Appraisal value	¥5,480 million
Acquisition date	September 1, 2023
NOI yield	4.0%
NOI yield after depreciation	3.4%
Land / Building	Ownership
Tenant	Cosmos Initia Co., Ltd.

### LB-067 Logistics (BTS-type)

#### D Project Kadoma I



Location	Kadoma City, Osaka
Construction date	February 15, 2019
Acquisition price	¥3,120 million
Appraisal value	¥3,450 million
Acquisition date	October 2, 2023
NOI yield	6.4%
NOI yield after depreciation	3.5%
Land / Building	Fixed-term land lease right and fixed-term sublease right / Ownership
Tenant	YOSHINOYA HOLDINGS CO., LTD.

(Note) "Acquisitions after the merger" refers to the total of the property acquisitions from pipeline of Daiwa House Group after the merger of DHR (September 2016) to the fiscal period ended August 31, 2023.

## Secondary Offering by Daiwa House (September 2023)

- ✓ Daiwa House sold some of DHR investment units to improve capital efficiency upheld in its Medium-Term Management Plan
- ✓ Daiwa House also announced its policy to continue to hold the remaining holdings after the secondary offering and to maintain its support for DHR as the sponsor

### Summary of the Secondary Offering

Seller	Daiwa House Industry Co., Ltd.
Offering structure	Secondary offering with overseas marketing (Regulation S only)
Launch date	August 31, 2023
Delivery date	September 14, 2023
Markets where investment units were offered	Domestic and EURO markets (Regulation S)
Offering size	Approximately ¥25.6 billion
Number of investment units sold	100,000 units (including 5,000 units sold through over-allotment)
Number of investment units held by Daiwa House after the Secondary Offering	91,200 units Lockup period: 1 year, % of holdings: 3.9%

### Backgrounds of the Secondary Offering by Daiwa House (Sponsor) and its Future Policy

#### Backgrounds

- Daiwa House sold some of the DHR investment units with the aim to improve capital efficiency for the purpose of evolving a revenue model that realizes sustainable growth upheld in the 7th Medium-Term Management Plan announced in May 2022
- Proceeds from the secondary offering will be allocated to expanding real estate development investment, based on Daiwa House's financial and investment strategies
- Daiwa House and the Asset Manager discussed sincerely and chose the secondary offering to offer a wide range of investors, including existing unitholders of DHR, fair opportunities for investment and dialogue

#### Future Policy

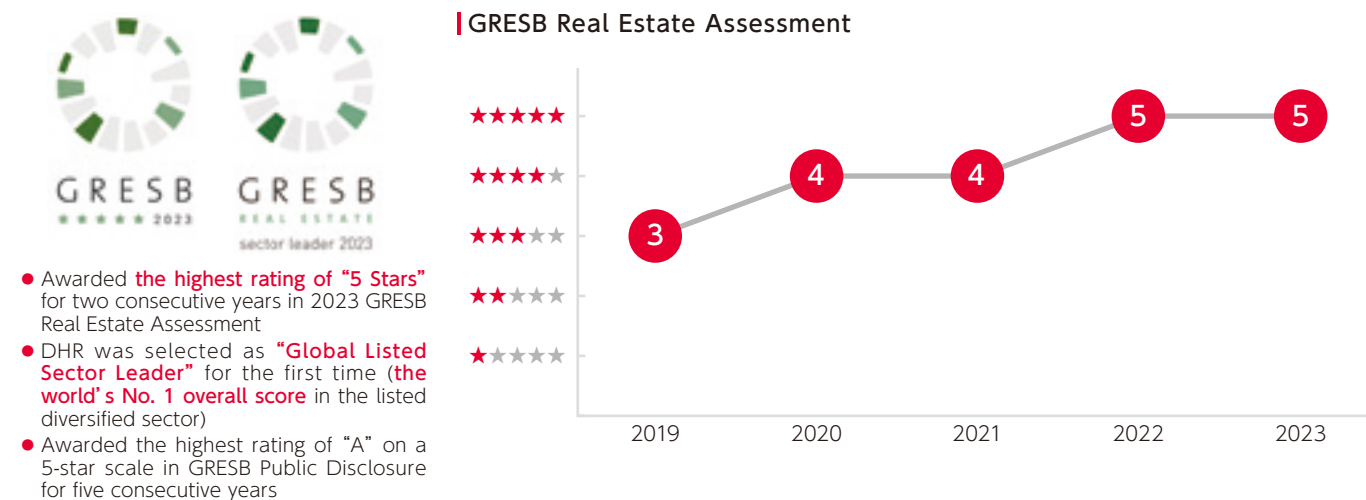
- Daiwa House does not plan additional sales and intends to continue to hold 91,200 investment units of DHR after the secondary offering
- Daiwa House's diversified support for DHR will remain unchanged after the secondary offering, including granting of preferential negotiation rights

- ✓ DHR aims to continuously increase unitholder value by leveraging the support which the Sponsor has long been providing

# ESG Initiatives

## Improved External Evaluations by Promoting ESG Initiatives

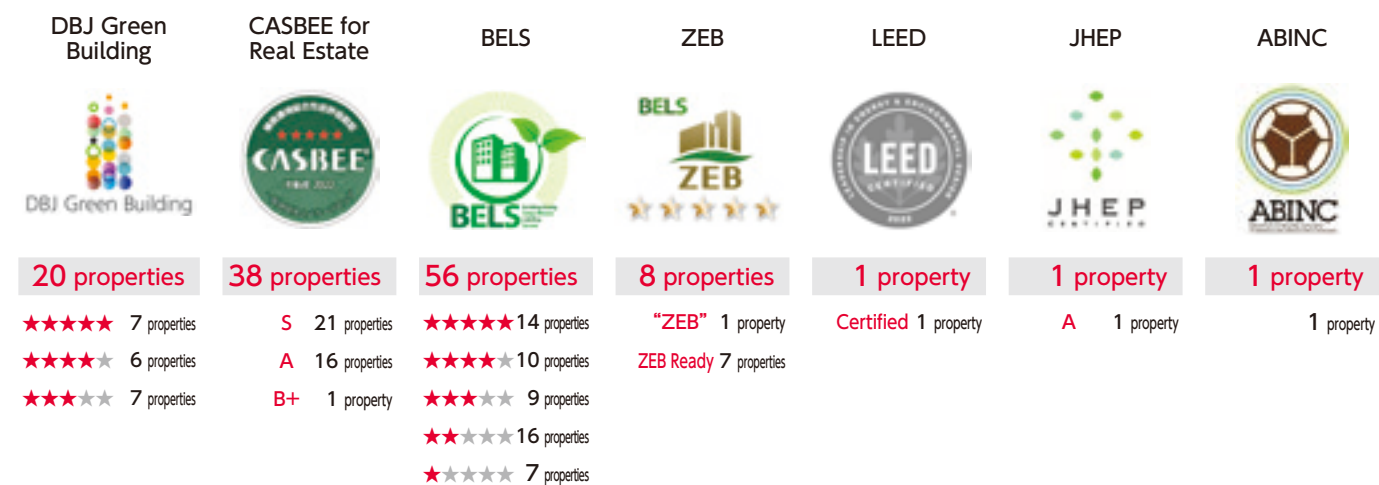
### GRESB Real Estate Assessment and GRESB Public Disclosure



## Environmental Initiatives

(As of October 2, 2023)

### Promotion of Environmental Certification



## Social Initiatives

### Initiatives Aimed at Social Contributions

#### Conclusion of "Agreement on Cooperation in Providing Parking Space in the Event of Disasters" with Ome City in Tokyo (FOLEO Ome Imai)

- A portion of the property's parking space (equivalent to approximately 70 vehicle spaces) is a designated emergency evacuation site for vehicles of the local residents. It will be provided to local residents for free in the event of disasters (linear rainbands, typhoons and other heavy rainfalls, or such events with a potential of occurrence) within the area of Ome City.
- DHR aims to contribute to local communities by collaborating with the local government on storm and flood damage countermeasures, as the property is outside the expected flood zone in the event of storm and flood damage also in the "Ome City Disaster Prevention Map" and suitable as an emergency evacuation site.



From left (honorific titles are omitted), Keiichi Hamanaka, Mayor of Ome City  
Koichi Tsuchida, President and CEO of the Asset Manager



FOLEO Ome Imai

# I. Asset Management Report

## 1. Summary of Asset Management

### (1) Historical Operating Results

		31st period August 2021	32nd period February 2022	33rd period August 2022	34th period February 2023	35th period August 2023
Operating revenues (Note 1)	Yen in millions	29,571	30,264	29,368	29,489	29,920
Of which, real estate rental revenues	Yen in millions	27,362	28,928	29,368	29,489	29,570
Operating expenses	Yen in millions	16,455	16,854	16,707	16,748	17,005
Of which, real estate rental expenses	Yen in millions	12,081	12,431	12,183	12,283	12,509
Operating income	Yen in millions	13,116	13,409	12,661	12,740	12,914
Ordinary income	Yen in millions	11,619	11,685	11,050	11,124	11,224
Net income	Yen in millions	11,619	11,685	11,049	11,123	11,224
Total assets	Yen in millions	900,310	964,669	963,566	960,621	958,747
Period-on-period changes	%	(0.1)	7.1	(0.1)	(0.3)	(0.2)
Net assets	Yen in millions	489,467	524,178	521,820	520,049	518,173
Period-on-period changes	%	(0.2)	7.1	(0.4)	(0.3)	(0.4)
Unitholders' capital	Yen in millions	231,766	268,042	268,042	268,042	268,042
Total number of investment units issued	Units	2,196,000	2,320,000	2,320,000	2,320,000	2,320,000
Net assets per unit	Yen	222,890	225,938	224,922	224,159	223,350
Total distributions	Yen in millions	13,435	13,507	13,031	13,105	13,091
Distributions per unit	Yen	6,118	5,822	5,617	5,649	5,643
Of which, earnings distributions per unit	Yen	5,347	5,116	4,805	4,854	4,841
Of which, distributions in excess of earnings per unit	Yen	771	706	812	795	802
Ordinary income to total assets ratio (Note 2)	%	1.3	1.3	1.1	1.2	1.2
Annualized	%	2.6	2.5	2.3	2.3	2.3
Return on equity (Note 3)	%	2.4	2.3	2.1	2.1	2.2
Annualized	%	4.7	4.6	4.2	4.3	4.3
Equity ratio	%	54.4	54.3	54.2	54.1	54.0
Period-on-period changes		(0.1)	(0.0)	(0.2)	(0.0)	(0.1)
Payout ratio	%	101.1	101.5	100.9	101.3	100.1
<b>&lt;Other Reference Information&gt;</b>						
Rental NOI (Note 4)	Yen in millions	20,552	22,122	22,839	22,831	22,663
FFO per unit (Note 5)	Yen	7,594	7,746	8,061	8,081	7,963
FFO multiple (Note 6)	Times	21.6	19.9	20.1	17.3	17.5
Debt service coverage ratio (Note 7)	Times	16.8	16.6	15.6	15.5	14.7
Interest-bearing debt	Yen in millions	378,558	407,550	407,550	407,550	407,550
Interest-bearing debt to total assets ratio (Note 8)	%	42.0	42.2	42.3	42.4	42.5

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



**(2) Asset Management during the Period****i) Transition of DHR**

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

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

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

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

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

DHR acquired one hotel property for an acquisition price<sup>(Note 1)</sup> of ¥3.1 billion in March 2023 using funds in hand. Furthermore, DHR sold one residential property for a transfer price of ¥1.0 billion. As a result, DHR's portfolio as of the end of the current fiscal period consists of 230 properties with an asset size of ¥897.5 billion<sup>(Note 2)</sup>.

(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. "Asset size" 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 1) arranged refinancing of ¥2,000 million to provide for the repayment of ¥2,000 million in existing loans due on March 27, 2023; 2) arranged refinancing of ¥11,400 million to provide for the repayment of ¥11,400 million in existing loans due on March 31, 2023; 3) arranged refinancing of ¥4,000 million to provide for the repayment of ¥4,000 million in existing loans due on May 31, 2023.

As a result, the balance of interest-bearing debt outstanding as of the end of the current fiscal period amounted to ¥407,550 million (loan balance: ¥363,550 million, investment corporation bond balance: ¥44,000 million), the same amount as in the previous fiscal period. As of the end of the current fiscal period, its LTV (including goodwill)<sup>(Note 1)</sup> was 42.5%, and its LTV (excluding goodwill)<sup>(Note 2)</sup> was 44.9%.

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

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

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

**iv) Difference Between Real Estate Appraisal Value and Book Value**

The total appraisal value of assets held at the end of the current fiscal period was ¥1,085,829 million, and the amount of unrealized gain<sup>(Note)</sup> on the portfolio, which is the difference compared to the book value was ¥240,908 million.

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

**v) Overview of Financial Results**

As a result of the investment management activities mentioned above, in the current fiscal period, DHR posted operating revenues of ¥29,920 million, operating income of ¥12,914 million, ordinary income of ¥11,224 million, and net income of ¥11,224 million. Based on its distribution policy, ¥1,982 million in amortization of goodwill was added to net income and ¥114 million corresponding to a portion of gain on sale of real estate properties, etc., was deducted from net income, resulting in ¥13,091 million. From this amount, the total amount of distributions was ¥13,091 million (¥5,643 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 ¥11,231 million (¥4,841 per investment unit) as provided for in Article 136, paragraph 1 of the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, as amended. Hereinafter referred to as the "Investment Trust Act") as earnings distributions and an allowance for temporary difference adjustments of ¥1,860 million (¥802 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, 2023 are as follows:

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

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

[Changes in market price of investment securities]

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

	31st period	32nd period	33rd period	34th period	35th period
Fiscal period ended	August 2021	February 2022	August 2022	February 2023	August 2023
Highest	¥340,000	¥353,000	¥335,500	¥323,500	¥299,900
Lowest	¥272,100	¥309,000	¥290,000	¥272,400	¥266,000
Beginning of period	¥279,300	¥329,000	¥315,000	¥318,500	¥277,800
End of period	¥325,500	¥311,500	¥322,000	¥281,100	¥276,200

**(4) Distributions**

For the current fiscal period, of the total amount of ¥13,091,836,885 when combining net income of ¥11,224,324,867 and amortization of goodwill of ¥1,982,226,586 and excluding ¥114,714,568 corresponding to a portion of gain on sale of real estate properties, etc., DHR decided to pay a total of ¥13,091,760,000 in distributions, for distributions per unit of ¥5,643, 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 ¥11,231,120,000 as earnings distributions (¥4,841 per unit) and ¥1,860,640,000 in allowance for temporary difference adjustments as distributions in excess of earnings (¥802 per unit).

	31st period From March 1, 2021 to August 31, 2021	32nd period From September 1, 2021 to February 28, 2022	33rd period From March 1, 2022 to August 31, 2022	34th period From September 1, 2022 to February 28, 2023	35th period From March 1, 2023 to August 31, 2023
Unappropriated retained earnings (Yen in thousands)	12,295,795	12,238,902	11,419,562	11,395,808	11,358,853
Retained earnings carried forward (Note) (Yen in thousands)	553,783	369,782	271,962	134,528	127,733
Total distributions (Yen in thousands)	13,435,128	13,507,040	13,031,440	13,105,680	13,091,760
Distributions per unit (Yen)	6,118	5,822	5,617	5,649	5,643
Of the above, total earnings distributions (Yen in thousands)	11,742,012	11,869,120	11,147,600	11,261,280	11,231,120
Earnings distributions per unit (Yen)	5,347	5,116	4,805	4,854	4,841
Of the above, total capital refunds (Yen in thousands)	1,693,116	1,637,920	1,883,840	1,844,400	1,860,640
Capital refunds per unit (Yen)	771	706	812	795	802
Of total capital refunds, total distributions deemed as distributions from the allowance for temporary difference adjustments (Yen in thousands)	1,693,116	1,637,920	1,839,760	1,844,400	1,860,640
Of capital refunds per unit, distributions deemed as distributions from the allowance for temporary difference adjustments per unit (Yen)	771	706	793	795	802
Of total capital refunds, total distributions deemed as distributions from capital refunds for tax purposes (Yen in thousands)	-	-	44,080	-	-
Of capital refunds per unit, distributions deemed as distributions from capital refunds for tax purposes per unit (Yen)	-	-	19	-	-

(Note) Retained earnings carried forward indicates the retained earnings carried forward to the following period.

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

Regarding Japan's economy in the current fiscal period, the easing of restrictions caused by COVID-19 led to the progressive normalization of economic activity and real GDP growth (the 2nd preliminary) for April-June 2023 was 1.2% compared with the previous fiscal period (4.8% annualized). Meanwhile, we must be aware of the future impact on economic activities of factors including the impact of risk of a rise in interest rates due to changes to the monetary easing policy by the Bank of Japan, the world's central banks raising interest rates, the risk of economic slowdown because of a downturn in overseas economies, stagnation in the real estate market in China, and surging resource prices.

In the J-REIT market, the Tokyo Stock Exchange REIT Index was 1,892 points at the end of August 2023. While there has been prolonged monetary tightening globally, particularly by the US, in Japan, there is an emerging risk of changes to the monetary easing policy, and interest rates in Japan are on the rise. Looking ahead, even greater attention needs to be paid to the impacts of fluctuations in the financial and capital markets.

In the real estate market, land prices are on a course of recovery nationwide, with the market values of standard sites by prefectural government released by the Ministry of Land, Infrastructure, Transport and Tourism in September 2023 showing the nationwide average prices for all types of land, for land in residential areas, and for land in commercial areas all continued to rise for the second consecutive year. Furthermore, with the marked recovery of visitors to Japan, the vibrant market for acquisition and disposition of hotels, etc. is expected to continue.

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

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

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

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

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

**(b) ESG Initiatives**

DHR and the Asset Manager share the Daiwa House Group's basic approach of "Creating Dreams, Building Hearts." To attain a sustainable society, it is essential that we include environmental, social, and governance ("ESG") considerations in real estate investment management operations. We also believe that this will contribute to DHR's basic policy of ensuring stable revenue and achieving steady asset growth over the medium to long term.

In line with this basic approach, the Asset Manager established the "Sustainability Policy (the 'Policy')" in April 2017, and has been putting it into practice through the real estate investment management business. Furthermore, under DHR's growth strategy, DHR has been making efforts to maximize unitholder value by combining business value (financial value) and social value (non-financial value). As a strategy for enhancing social value (non-financial value), DHR has put forward the following commitments.

**a. Improvement of ESG ratings by third parties**

For the second consecutive year, DHR gained recognition as a climate change A List company under the 2022 CDP Climate Change Program, upon having received the highest-rated "A" score in recognition of exhibiting high standards internationally when it comes to addressing issues of climate change and disclosing information in that regard. In addition, for the second consecutive year, DHR was awarded the highest rating of "5 Stars" for the 2023 GRESB Real Estate Assessment, and was also selected as "Global Listed Sector Leader" in the listed diversified real estate sector and as "Regional Sector Leader" in the Asia/diversified real estate sector. Furthermore, at the Fourth ESG Finance Awards Japan, DHR became the first J-REIT awarded as an "Environmentally Sustainable Company," meeting certain standards in terms of disclosure quality.

**b. Reduction in greenhouse gas emissions**

DHR set targets for reducing greenhouse gas ('GHG') emissions by FY2030 and FY2050 and, in February and August 2022, became the first J-REIT to acquire certification for its emission targets from the Science Based Targets initiative (SBTi), which certified that the targets are science-based targets consistent with the standards required by the Paris Agreement.

**c. Promotion of biodiversity conservation**

By promoting initiatives in business activities such as measures to mitigate climate change, reduction of surplus consumption, sustainable production and investments for biodiversity, DHR and the Asset Manager not only expect to contribute to the promotion of nature positivity but also believe such efforts will lead to stronger competitiveness.

Based on such thinking, DHR promotes the acquisition of environmental certification relating to biodiversity, and it acquired for the first time certification from the Japan Habitat Evaluation and Certification Program with regard to Royal Parks Toyosu, which is owned by DHR, and also for the first time, certification as a business site in harmony with nature and community from the Association for Business Innovation in harmony with Nature and Community with regard to Royal Parks Hanakoganei.

Furthermore, the Asset Manager is the first J-REIT asset management company to join and actively participating in the Japan Business Initiative for Biodiversity (JBIB), which is a group of Japanese corporations actively working to conserve biodiversity, and in the 30 by 30 Alliance for Biodiversity, which is a coalition of volunteers to promote efforts to achieve the target of effectively conserving at least 30% of land and sea as healthy ecosystems by 2030 with the aim of achieving the goal of halting the loss of biodiversity and put it on a recovery track (nature positive) by 2030.

**d. The Asset Manager's promotion of human capital management and health management**

Under the Policy, the Asset Manager will establish an internal framework for promoting sustainability and take steps to develop personnel by conducting regular employee education and training. The Asset Manager will also aim to create workplaces where people can work safely and healthily, and workplaces where diverse employees can work flexibly.

Based on these goals, the Asset Manager expects that its initiatives for improving the health of employees will bring new vigor to the overall organization in such forms as improved vitality of employees and enhanced productivity, and lead to improved financial results and enhanced value as an organization. The Asset Manager was certified as 2023 Health & Productivity Management Outstanding Organization (SME category) by the Ministry of Economy, Trade and Industry in recognition of its various efforts in the field of health management such as management philosophy and guidelines and organizational structure, its measures to maintain and promote employee health, and its initiatives regarding legal compliance and risk management, etc. In addition, the Asset Manager was certified as one of the "Bright 500," the top 500 corporations in the Health & Productivity Management Outstanding Organizations (SME category) in recognition of its community-based messaging regarding health management initiatives, and the number of compliant items in the evaluation items of health management.

e. Introduction of Sustainability Index-linked Fees

In November 2021, the Asset Manager introduced a provision to fluctuate the amount of asset management fees to the Asset Manager in conjunction with the sustainability indices as the first initiative in J-REITs for the purpose of increasing unitholder value by encouraging the reduction of GHG emissions of DHR properties and enhancing the external evaluations of its sustainability initiatives. This is to increase or decrease the amount of asset management fees based on the sum of indexed GHG emissions reduction ratio, GRESB Real Estate Rating and CDP Climate Change Program Score multiplied by the total assets of DHR, and is aimed at strengthening the commitment to solving ESG issues and improving governance.

Furthermore, remuneration for Executive Director of DHR and remuneration for directors of the Asset Manager are now linked to sustainability indices including GHG emissions reduction ratio, GRESB Real Estate Rating and CDP Climate Change Program Score.

(c) Distribution Policy

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

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

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

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<sup>(Note)</sup> 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 plan and execute a well-planned and flexible financial strategy with the aim of ensuring stable income on a medium- to long-term basis, contributing to the steady growth and efficient management of its properties and creating management stability.

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

(6) Significant Events after Balance Sheet Date

A. Secondary Offering of Investment Units

At the board of directors meetings held on August 31, 2023, and on September 7, 2023, a resolution was made to make a second offering of investment units, as follows. The delivery was completed on September 14, 2023.

(a) Secondary offering through purchase and underwriting by underwriters	
Seller	Daiwa House Industry Co., Ltd.
Number of investment units sold	95,000 units
Selling price	¥256,856 per unit
Total selling price	¥24,401,320,000
Purchase price	¥248,912 per unit
Total purchase price	¥23,646,640,000
Delivery date	September 14, 2023
(b) Secondary offering through over-allotment	
Seller	Nomura Securities Co., Ltd.
Number of investment units sold	5,000 units
Selling price	¥256,856 per unit
Total selling price	¥1,284,280,000
Delivery date	September 14, 2023

B. Acquisition of Assets

DHR acquired the following properties:

Asset name	MIMARU Tokyo Hatchobori
Asset type	Trust beneficiary interests in real estate
Asset class	Hotel properties
Acquisition price (Note 1)	¥5,114,000 thousand
Seller (Note 2)	Ricoh Leasing Company, Ltd.
Date of acquisition	September 1, 2023

Asset name	D Project Kadoma I
Asset type	Trust beneficiary interests in real estate
Asset class	Logistics properties
Acquisition price (Note 1)	¥3,120,000 thousand
Seller (Note 3)	Daiwa House Industry Co., Ltd.
Date of acquisition	October 2, 2023

(Notes) 1. This figure does not include expenses pertaining to acquisitions, settlement money such as taxes and public dues, consumption taxes, etc.  
 2. The seller falls neither under the category of a party having a special interest relationship with DHR or the Asset Manager, nor under the category of a related party of DHR or the Asset Manager.  
 3. Daiwa House, the seller of D Project Kadoma I, is classified as an interested party, etc. as defined in the Investment Trusts Act. As such, the Asset Manager has gone through the necessary discussion and resolution procedures in accordance with its regulations on transactions with interested parties.

C. Debt Financing

(a) DHR conducted debt financing for the funds for the repayments of a total of ¥18,700 million in long-term loans due on September 29, 2023 and ¥4,000 million in long-term loans due on October 2, 2023, as follows:

Lender	Borrowing amount (Yen in millions)	Interest rate	Borrowing date	Repayment date	Method of repayment	Collateral
Nippon Life Insurance Company	1,000	0.7475% (Fixed interest rate)	September 29, 2023	September 30, 2027	Bullet repayment	Unsecured and non-guaranteed
Mizuho Bank, Ltd. Sumitomo Mitsui Trust Bank, Limited MUFG Bank, Ltd. Mizuho Trust & Banking Co., Ltd.	10,000	1.08375% (Fixed interest rate)	September 29, 2023	September 30, 2030	Bullet repayment	Unsecured and non-guaranteed
Sumitomo Mitsui Trust Bank, Limited MUFG Bank, Ltd. Sumitomo Mitsui Banking Corporation Mizuho Bank, Ltd. Resona Bank, Limited The Norinchukin Bank The Chiba Bank, Ltd. SBI Shinsei Bank, Limited	6,700	1.31875% (Fixed interest rate)	September 29, 2023	September 30, 2032	Bullet repayment	Unsecured and non-guaranteed



Lender	Borrowing amount (Yen in millions)	Interest rate	Borrowing date	Repayment date	Method of repayment	Collateral
The Dai-ichi Life Insurance Company, Limited (Green Loan) (Note)	1,000	1.400% (Fixed interest rate)	September 29, 2023	September 30, 2033	Bullet repayment	Unsecured and non-guaranteed
Sumitomo Mitsui Banking Corporation Sumitomo Mitsui Trust Bank, Limited Mizuho Bank, Ltd. Resona Bank, Limited	4,000	JBA 1-month yen TIBOR +0.175% (Floating interest rate)	October 2, 2023	September 30, 2024	Bullet repayment	Unsecured and non-guaranteed

(Note) Financing for this debt financing has been carried out through a green loan in accordance with the Green Finance Framework developed by DHR (hereinafter referred to as the "Framework"). The Framework has obtained a rating of "Green 1 (F)," which is the highest rating offered in the JCR Green Finance Framework Evaluations conducted by Japan Credit Rating Agency, Ltd. (JCR), and this green loan is in compliance with the "Green Loan Principles," which is an international guideline. Furthermore, this debt financing received an evaluation of "Green 1" in the JCR Green Loan Evaluation conducted by Japan Credit Rating Agency, Ltd. (JCR). For details regarding the JCR Green Loan Evaluation, please refer to the JCR website (<https://www.jcr.co.jp/greenfinance/>).

(b) DHR conducted debt financing for acquiring the property mentioned in "B. Acquisition of Assets" above, on October 2, 2023, as follows:

Lender	Borrowing amount (Yen in millions)	Interest rate	Borrowing date	Repayment date	Method of repayment	Collateral
SBI Shinsei Bank, Limited (Green Loan) (Note)	1,000	1.30087% (Fixed interest rate)	October 2, 2023	March 31, 2032	Bullet repayment	Unsecured and non-guaranteed
Kansai Mirai Bank, Limited (Green Loan) (Note)	1,000	1.30087% (Fixed interest rate)	October 2, 2023	March 31, 2032	Bullet repayment	Unsecured and non-guaranteed

(Note) Financing for this debt financing has been carried out through a green loan in accordance with the Framework.

## 2. Overview of the Investment Corporation

### (1) Status of Investment Units

	31st period As of August 31, 2021	32nd period As of February 28, 2022	33rd period As of August 31, 2022	34th period As of February 28, 2023	35th period As of August 31, 2023
Total number of authorized investment units	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000
Total number of investment units issued	2,196,000	2,320,000	2,320,000	2,320,000	2,320,000
Unitholders' capital (Yen in thousands)	231,766,153	268,042,601	268,042,601	268,042,601	268,042,601
Number of unitholders	17,839	18,264	17,915	17,591	17,326

### (2) Matters concerning Investment Units

The major unitholders as of August 31, 2023 are as follows:

Name	Number of investment units held (Units)	Percentage of investment units held against the total number of investment units issued (%) (Note)
Custody Bank of Japan, Ltd. (Trust account)	533,606	23.0
The Master Trust Bank of Japan, Ltd. (Trust account)	350,786	15.1
Daiwa House Industry Co., Ltd.	191,200	8.2
The Nomura Trust and Banking Co., Ltd. (Investment trust account)	102,303	4.4
SMBC Nikko Securities Inc.	66,518	2.9
State Street Bank West Client - Treaty 505234	48,154	2.1
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	30,482	1.3
JAPAN SECURITIES FINANCE CO., LTD.	30,309	1.3
State Street Bank and Trust Company 505103	27,419	1.2
SSBTC CLIENT OMNIBUS ACCOUNT	26,744	1.2
Total	1,407,521	60.7

(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 35th period (Yen in thousands)
Executive Director	Toshiharu Asada	–	2,520
	Hiroshi Ishikawa	Attorney, Ohhara Law Office Outside Director, Japan Medical Dynamic Marketing, INC.	2,100
Supervisory Directors	Junko Kogayu	Professor, Tohoku University Accounting School Certified Public Accountant, Junko Kogayu Certified Public Accountant Firm Certified Public Tax Accountant, Ayako Takeuchi Certified Public Tax Accountant Firm Outside Director and Audit & Supervisory Committee Member, NITCHO Corporation Outside Director and Audit & Supervisory Committee Member, Nisshin Corporation Outside Audit & Supervisory Board Member, Private Finance Initiative Promotion Corporation of Japan Outside Audit & Supervisory Board Member, The Shoko Chukin Bank, Ltd. Auditor, Culture Vision Japan Foundation Inc.	2,100
Accounting Auditor	Ernst & Young ShinNihon LLC	–	17,500

(Notes) 1. The Executive Director and Supervisory Directors do not hold investment units of DHR under their own or another person's name. Any Supervisory Director may serve as an executive of a corporation other than those listed above, but such corporations including those listed above do not have any interest in DHR.  
2. Dismissal or non-reappointment of the Accounting Auditor shall be discussed at DHR's board of directors pursuant to the provisions of the Investment Trust Act for dismissal, taking into full account all relevant factors for non-reappointment such as the quality of audits and remuneration for audits.  
3. The amount of remuneration based on non-auditing duties paid to firms that belong to the same network as the Accounting Auditor was ¥7,660 thousand.



**(4) Liability Insurance Policy for Officers**

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

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

**(5) Asset Manager, Custodian and General Administrators**

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

**▶ 3. Portfolio of DHR****(1) Composition of Assets**

The following table provides information about the composition of assets.

Type of assets	Asset class	Area (Note 1)	34th period February 28, 2023		35th period August 31, 2023		
			Total amount held (Yen in millions) (Note 2)	Percentage to total assets (%) (Note 3)	Total amount held (Yen in millions) (Note 2)	Percentage to total assets (%) (Note 3)	
Real estate	Residential properties	Three major metropolitan areas of Japan	Greater Tokyo area	23,329	2.4	23,274	2.4
			Greater Nagoya area	881	0.1	878	0.1
			Greater Osaka area	13,077	1.4	13,002	1.4
		Other	3,273	0.3	3,279	0.3	
	Retail properties	Other	1,471	0.2	1,471	0.2	
	Subtotal		42,032	4.4	41,905	4.4	
Trust beneficiary interests in real estate	Logistics properties	Three major metropolitan areas of Japan	Greater Tokyo area	328,618	34.2	327,322	34.1
			Greater Nagoya area	15,187	1.6	15,092	1.6
			Greater Osaka area	21,944	2.3	21,789	2.3
		Other	84,969	8.8	84,608	8.8	
	Residential properties	Three major metropolitan areas of Japan	Greater Tokyo area	162,767	16.9	161,932	16.9
			Greater Nagoya area	5,655	0.6	5,009	0.5
			Greater Osaka area	5,883	0.6	5,850	0.6
		Other	1,079	0.1	1,064	0.1	
	Retail properties	Three major metropolitan areas of Japan	Greater Tokyo area	31,748	3.3	31,738	3.3
			Greater Nagoya area	2,390	0.2	2,390	0.2
			Greater Osaka area	22,693	2.4	22,592	2.4
		Other	62,105	6.5	61,852	6.5	
Hotel properties	Three major metropolitan areas of Japan	Greater Tokyo area	4,630	0.5	7,750	0.8	
		Greater Nagoya area	5,344	0.6	5,307	0.6	
		Greater Osaka area	1,406	0.1	1,397	0.1	
	Other	8,047	0.8	7,991	0.8		
Other assets	Three major metropolitan areas of Japan	Greater Tokyo area	3,147	0.3	3,133	0.3	
		Other	36,896	3.8	36,645	3.8	
Subtotal		804,515	83.7	803,469	83.8		
Deposits and other assets		114,072	11.9	113,372	11.8		
Total assets		960,621	100.0	958,747	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, 2023 and August 31, 2023), which are rounded down to the nearest million yen. For real estate properties and trust beneficiary interests in real estate (may be referred to as "real estate in trust" or "trust beneficiary interests in real estate"), the amounts are their acquisition prices (including expenses associated with the acquisition) less accumulated depreciation. "Acquisition price" is the purchase price stipulated in the respective purchase agreements of assets owned by DHR (not including expenses pertaining to acquisitions, settlement money such as taxes and public dues, consumption taxes, or leasehold guarantee deposits, etc.), except as otherwise noted. However, the acquisition prices of properties previously owned by NCR have been presented as the appraisal values as of February 28, 2010, which were the prices received at the time of the merger with NCR, and the acquisition prices of properties previously owned by the former DHR have been presented as the appraisal values as of August 31, 2016, which were the prices received at the time of the merger with the former DHR. The same shall apply hereinafter.
3. "Percentage to total assets" is rounded to the first decimal place.

(2) Principal Assets Held

The overview of principal assets held by DHR as of August 31, 2023 (top ten properties in terms of book value at the end of period) is as follows:

Property name	Book value (Yen in millions) (Note 1)	Leasable area (m <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
iiias Tsukuba	33,473	138,900.39	138,900.39	100.0	3.7	Retail
DPL Nagareyama I	31,766	124,489.93	124,489.93	100.0	(Note 6)	Logistics
DPL Nagareyama III	31,541	106,859.16	106,859.16	100.0	(Note 6)	Logistics
GRANODE Hiroshima	27,932	29,915.08	29,484.36	98.6	3.5	Other assets
D Project Urayasu II	25,240	72,320.01	72,320.01	100.0	(Note 6)	Logistics
DPL Misato	16,106	55,864.47	55,864.47	100.0	(Note 6)	Logistics
D Project Hiratsuka	14,970	65,272.52	65,272.52	100.0	(Note 6)	Logistics
D Project Hachioji	14,558	62,394.17	62,394.17	100.0	(Note 6)	Logistics
DPL Fukuoka Kasuya	12,565	73,757.39	73,757.39	100.0	(Note 6)	Logistics
D Project Itabashi Shingashi	12,208	33,763.46	33,763.46	100.0	(Note 6)	Logistics
<b>Total</b>	<b>220,363</b>	<b>763,536.58</b>	<b>763,105.86</b>	<b>99.9</b>	<b>23.1</b>	<b>-</b>

- (Notes) 1. "Book value" is the amount recorded on the balance sheets as of August 31, 2023 (in the case of real estate and real estate in trust, "Book value" is the acquisition price (including expenses associated with the acquisition) less accumulated depreciation), which is rounded down to the nearest million yen.
2. "Leasable area" means the leasable area of the building (or land in the case of land properties) in relation to each real estate or each real estate in trust and the figures stated refer to the area DHR believes is leasable as indicated in the relevant lease agreement or drawing of the building, etc. in relation to each real estate or each real estate in trust as of August 31, 2023. In the cases of each co-owned real estate or quasi co-owned trust beneficiary interests, the leasable area of the entire real estate multiplied by the ratio of co-ownership of the real estate or quasi co-ownership of the trust beneficiary interests in real estate held by DHR is provided.
3. "Leased area" represents the leased area in the leasable area as indicated in the lease agreement in relation to each real estate or each real estate in trust as of August 31, 2023. However, in the case of a pass-through type master lease agreement entered into with the master lease company, the leased area to end-tenants indicated in each sublease agreement entered into between the master lease company and end-tenants for each real estate or each real estate in trust as of August 31, 2023 is provided. As some lease agreements for each real estate or each real estate in trust may indicate leased area that includes portions not included in the gross floor area, the leased area may exceed the gross floor area. In particular, at logistics properties, when eaves are included in the leased area, the leased area may significantly exceed the gross floor area. In the cases of each co-owned real estate or quasi co-owned trust beneficiary interests, the leased area of the entire real estate multiplied by the ratio of co-ownership of the real estate or quasi co-ownership of the trust beneficiary interests in real estate held by DHR is provided.
4. "Occupancy rate" represents occupancy rate (the percentage of leased area to the leasable area) of each property as of August 31, 2023, which is rounded to the first decimal place.
5. "Rate to total real estate rental revenues" is the rental revenues from each real estate or each real estate in trust expressed as a percentage of the total rental revenues from the entire portfolio, rounded to the first decimal place.
6. Undisclosed as consent for disclosure has not been obtained from the lessee.

(3) Description of Portfolio

The overview of portfolio assets held by DHR as of August 31, 2023 (real estate and real estate in trust, etc.) is as follows:

Asset class	Property name	Location (Note 1)	Form of ownership	Leasable area (m <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	11,500	9,048
	D Project Hachioji	3-21-1, Minami-Osawa, Hachioji City, Tokyo	Real estate in trust	62,394.17	19,100	14,558
	D Project Aikawa-Machi	4020-12, Aza Sakuradai, Nakatsu, Aikawa-machi, Aiko District, Kanagawa	Real estate in trust	14,240.84	4,850	3,589
	D Project Urayasu I	12-1, Chidori, Urayasu City, Chiba	Real estate in trust	36,515.81	10,800	9,077
	D Project Urayasu II	11-5, Chidori, Urayasu City, Chiba	Real estate in trust	72,320.01	31,000	25,240
	D Project Akanehama	3-2-8, Akanehama, Narashino City, Chiba	Real estate in trust	11,663.39	3,350	2,907
	D Project Noda	1-1, Aza Tamei, Futatsuka, Noda City, Chiba	Real estate in trust	29,232.53	7,350	5,976
	D Project Inuyama	5-5, Aza Takanebora, Inuyama City, Aichi	Real estate in trust	54,197.80	13,120	10,025
	D Project Neyagawa	2-24-12, Shimeno, Neyagawa City, Osaka	Real estate in trust	11,151.51	7,250	5,640
	D Project Morioka	3-18, Ogama-kazabayashi, Takizawa City, Iwate	Real estate in trust	9,558.32	1,210	1,159
	D Project Tsuchiura	20-29, Aza Harayama, Hongo, Tsuchiura City, Ibaraki	Real estate in trust	17,448.86	3,930	3,057
	D Project Fukuoka Umi	384-15, Aza Noguuchi, Oaza Ino, Umi-machi, Kasuya District, Fukuoka	Real estate in trust	24,729.56	5,460	3,957
	D Project Tosu	1624, Aza Hasuhara, Himekata-machi, Tosu City, Saga	Real estate in trust	17,858.01	6,890	5,118
	D Project Kuki I	6004-2, Aza Taikoda, Shobu-cho Shobu, Kuki City, Saitama	Real estate in trust	22,708.72	5,000	3,620
	D Project Kuki II	6201-1, Aza Kazarimen, Shobu-cho Sanga, Kuki City, Saitama	Real estate in trust	50,498.00	9,630	7,401
	D Project Kawagoe I	3-2-3, Yoshinodai, Kawagoe City, Saitama	Real estate in trust	16,150.88	4,430	3,302
	D Project Kawagoe II	3-2-4, Yoshinodai, Kawagoe City, Saitama	Real estate in trust	19,872.00	6,160	4,546
	DPL Inuyama	1-8, Aza Nakahiratsuka, Oaza Haguroshinden, Inuyama City, Aichi	Real estate in trust	21,628.50	4,710	3,634
	D Project Fukuoka Hakozaiki	5-2-1, Hakozaikifuto, Higashi Ward, Fukuoka City, Fukuoka	Real estate in trust	34,710.80	5,190	4,048

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 Kuki III	6004-1, Aza Taikoda, Shobu-cho Shobu, Kuki City, Saitama	Real estate in trust	26,937.41	9,520	7,029
	D Project Kuki IV	6201-5, Aza Kazarimen, Shobu-cho Sanga, Kuki City, Saitama	Real estate in trust	26,460.00	6,870	5,058
	D Project Kuki V	6201-6, Aza Kazarimen, Shobu-cho Sanga, Kuki City, Saitama	Real estate in trust	47,320.89	12,100	7,634
	D Project Kuki VI	48-3, Kiyoku-cho, Kuki City, Saitama	Real estate in trust	29,244.66	6,910	4,679
	D Project Yashio	50-1, Oaza Shin-machi, Yashio City, Saitama	Real estate in trust	21,965.04	7,360	6,137
	D Project Nishiyodogawa	2-7-48, Nakashima, Nishiyodogawa Ward, Osaka City, Osaka	Real estate in trust	39,584.80	12,700	9,447
	D Project Matsudo	700-3, Aza Nishinooda, Kamihongo, Matsudo City, Chiba	Real estate in trust	26,776.67	8,560	6,943
	D Project Hibiki Nada	3-1-5, Hibiki-machi, Wakamatsu Ward, Kitakyushu City, Fukuoka	Real estate in trust	23,933.75	2,330	1,887
	D Project Morioka II	3-15, Ogama-kazabayashi, Takizawa City, Iwate	Real estate in trust	4,481.00	1,320	1,172
	D Project Kawagoe III	2-8-55, Yoshinodai, Kawagoe City, Saitama	Real estate in trust	39,572.32	9,020	6,722
	D Project Kazo	2-16-1, Okuwa, Kazo City, Saitama	Real estate in trust	18,437.60	4,080	3,105
	D Project Urayasu III	12-1, Chidori, Urayasu City, Chiba	Real estate in trust	39,441.32	10,500	8,340
	D Project Tomisato	7-2, Misawa, Tomisato City, Chiba	Real estate in trust	36,113.25	6,010	4,601
	D Project Kyotanabe	3-50-1, Kannabidai, Kyotanabe City, Kyoto	Real estate in trust	10,965.68	4,220	3,309
	D Project Sendai Izumi	2-9-1, Akedori, Izumi Ward, Sendai City, Miyagi	Real estate in trust	10,764.05	1,730	1,380
	D Project Oyama	2333-34, Aza Atago, Oaza Hari, Oyama City, Tochigi	Real estate in trust	14,106.91	2,220	1,838
	D Project Sano	570-9, Nishiura-cho, Sano City, Tochigi	Real estate in trust	15,668.44	2,000	1,605
	D Project Tatebayashi	110-8, Aza Uchiya, Shimosagawada-cho, Tatebayashi City, Gunma	Real estate in trust	13,521.56	3,540	2,835
	D Project Kakegawa	653-14, Aza Oyabu, Sakagawa, Kakegawa City, Shizuoka	Real estate in trust	39,341.44	6,640	5,556
	D Project Hiroshima Seifu	2-2-1, Tomonishi, Asaminami Ward, Hiroshima City, Hiroshima	Real estate in trust	19,004.72	4,530	3,542
	D Project Tosu II	1621, Aza Hasuhara, Himekata-machi, Tosu City, Saga	Real estate in trust	13,012.50	2,130	1,539
	D Project Kawagoe IV	3-2-1, Yoshinodai, Kawagoe City, Saitama	Real estate in trust	24,684.47	6,660	5,574
	D Project Kuki VII	6004-3, Aza Taikoda, Shobu-cho Shobu, Kuki City, Saitama	Real estate in trust	3,225.46	1,310	1,006
	D Project Chibakita	461-1, Naganumacho, Inage Ward, Chiba City, Chiba	Real estate in trust	24,368.86	9,120	7,320
	D Project Matsudo II	700-1, Aza Nishinooda, Kamihongo, Matsudo City, Chiba	Real estate in trust	25,305.82	9,270	7,800
	D Project Tomisato II	1-6, Misawa, Tomisato City, Chiba	Real estate in trust	40,870.56	8,040	6,430
	D Project Osaka Hirabayashi	2-6-15, Hirabayashikita, Suminoe Ward, Osaka City, Osaka	Real estate in trust	22,485.08	4,340	3,392
	D Project Sendai Izumi II	3-1-1, Akedori, Izumi Ward, Sendai City, Miyagi	Real estate in trust	39,580.46	8,460	6,715
	D Project Kaminokawa	2568-1, Aza Minamihara, Oaza Tako, Kaminokawamachi, Kawachi District, Tochigi	Real estate in trust	52,239.75	6,430	7,435
	D Project Fuji	2261-6, Aza Shiroyama, Obuchi, Fuji City, Shizuoka	Real estate in trust	23,795.40	3,860	3,332
	D Project Tosu III	3-1-3, Yayoigaoka, Tosu City, Saga	Real estate in trust	65,215.07	10,600	8,538
	D Project Kitahachioji I	2969-2, Ishikawamachi, Hachioji City, Tokyo	Real estate in trust	16,523.82	4,900	4,171
	D Project Kitahachioji II	2969-18, Ishikawamachi, Hachioji City, Tokyo	Real estate in trust	21,402.20	6,470	5,552
	D Project Kitahachioji III	2969-19, Ishikawamachi, Hachioji City, Tokyo	Real estate in trust	26,275.05	8,510	7,102
	D Project Itabashi Shingashi	1-2-2, Shingashi, Itabashi Ward, Tokyo	Real estate in trust	33,763.46	14,600	12,208
	D Project Sagamihara	1-2-31, Miyashimo, Chuo Ward, Sagamihara City, Kanagawa	Real estate in trust	16,599.30	4,620	3,737
D Project Kuki VIII	49-3, Kiyokucho, Kuki City, Saitama	Real estate in trust	29,410.54	7,150	5,828	
D Project Yokkaichi	1947-14, Nakamuracho, Yokkaichi City, Mie	Real estate in trust	6,185.46	1,640	1,432	
D Project Ibaraki Ishioka	6-4, Kashiwabara, Ishioka City, Ibaraki	Real estate in trust	24,493.54	4,580	3,854	
D Project Wako A	5-7-5, Niikura, Wako City, Saitama	Real estate in trust	39,258.06	12,100	10,641	
D Project Hiratsuka	439-1, Aza Kasahari, Okami, Hiratsuka City, Kanagawa	Real estate in trust	65,272.52	16,600	14,970	
DPL Misato	1-3-5, Inter-Minami, Misato City, Saitama	Real estate in trust	55,864.47	20,400	16,106	
DPL Fukuoka Kasuya	642-1, Aza Sanjyuroku, Oaza Uchihashi, Kasuyamachi, Kasuya District, Fukuoka	Real estate in trust	73,757.39	17,700	12,565	
DPL Kitakyushu	5-14, Sonokitamachi, Kokuraminami Ward, Kitakyushu City, Fukuoka	Real estate in trust	26,672.98	3,950	3,227	
DPL Nagareyama I	1374-1, Aza Taneishita, Nishifukai, Nagareyama City, Chiba	Real estate in trust	124,489.93	36,900	31,766	
DPL Shin-Narashino	1-7-1, Akanehama, Narashino City, Chiba	Real estate in trust	12,686.30	6,680	5,829	
DPL Nagareyama III	1597-1, Aza Waseda, Nishifukai, Nagareyama City, Chiba	Real estate in trust	106,859.16	36,700	31,541	
<b>Logistics properties – Subtotal</b>				<b>2,095,309.22</b>	<b>556,810</b>	<b>448,365</b>



# 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)
Residential properties	Qiz Ebisu	4-3-1, Ebisu, Shibuya Ward, Tokyo	Real estate in trust	5,230.39	11,200	7,301
	Castalia Azabujuban Shichimenzaka	2-7-5, Azabujuban, Minato Ward, Tokyo	Real estate in trust	3,492.93	5,110	4,072
	Castalia Shibakoen	3-32-10, Shiba, Minato Ward, Tokyo	Real estate in trust	2,707.51	2,940	2,363
	Castalia Ginza	1-14-13, Ginza, Chuo Ward, Tokyo	Real estate in trust	2,226.42	2,890	2,278
	Castalia Hiroo	3-13-3, Nishi Azabu, Minato Ward, Tokyo	Real estate in trust	1,621.59	2,370	2,045
	Castalia Nihonbashi	11-2, Nihonbashi Kabuto-cho, Chuo Ward, Tokyo	Real estate in trust	1,458.73	1,440	1,048
	Castalia Hacchobori	3-27-5, Hacchobori, Chuo Ward, Tokyo	Real estate in trust	2,969.57	2,840	2,051
	Castalia Azabujuban	2-10-1, Azabujuban, Minato Ward, Tokyo	Real estate in trust	2,400.00	3,240	2,741
	Castalia Azabujuban II	2-21-2, Azabujuban, Minato Ward, Tokyo	Real estate in trust	2,094.58	2,820	2,497
	Castalia Shinjuku Natsumezaka	10-1, Kikui-cho, Shinjuku Ward, Tokyo	Real estate in trust	1,917.62	1,860	1,757
	Castalia Ginza II	1-23-4, Ginza, Chuo Ward, Tokyo	Real estate in trust	1,817.56	2,180	1,599
	Castalia Shibuya Sakuragaoka	29-21, Sakuragaoka-cho, Shibuya Ward, Tokyo	Real estate in trust	1,123.80	1,500	1,332
	Castalia Nishi Azabu Kasumicho	1-3-12, Nishi Azabu, Minato Ward, Tokyo	Real estate in trust	2,779.77	2,930	2,264
	Castalia Ochanomizu	3-24-1, Kanda-Ogawamachi, Chiyoda Ward, Tokyo	Real estate in trust	2,559.21	2,740	1,650
	Castalia Sangubashi	4-52-12, Yoyogi, Shibuya Ward, Tokyo	Real estate in trust	1,898.47	2,040	1,436
	Castalia Suitengu	2-8-13, Nihonbashi Kakigaracho, Chuo Ward, Tokyo	Real estate in trust	1,940.94	1,790	1,149
	Castalia Suitengu II	1-38-16, Nihonbashi Kakigaracho, Chuo Ward, Tokyo	Real estate in trust	1,858.34	1,610	1,034
	Castalia Shintomicho	3-10-10, Irifune, Chuo Ward, Tokyo	Real estate in trust	1,444.52	1,280	864
	Castalia Shintomicho II	2-6-4, Irifune, Chuo Ward, Tokyo	Real estate in trust	1,244.54	1,130	780
	Castalia Harajuku	3-55-3, Sendagaya, Shibuya Ward, Tokyo	Real estate in trust	1,225.26	1,270	858
	Castalia Yoyogi Uehara	1-17-16, Uehara, Shibuya Ward, Tokyo	Real estate in trust	811.95	899	633
	Castalia Sendagaya	2-9-10, Sendagaya, Shibuya Ward, Tokyo	Real estate in trust	803.03	785	547
	Castalia Shinjuku 7 chome	7-17-16, Shinjuku, Shinjuku Ward, Tokyo	Real estate in trust	957.60	642	427
	Castalia Ningyocho	7-15, Nihonbashi Tomisawacho, Chuo Ward, Tokyo	Real estate in trust	1,747.90	1,610	845
	Castalia Ningyocho II	8-12, Nihonbashi Tomisawacho, Chuo Ward, Tokyo	Real estate in trust	1,826.80	1,730	938
	Castalia Shin-Ochanomizu	2-3-3, Kanda Awaji-cho, Chiyoda Ward, Tokyo	Real estate in trust	1,308.38	1,350	852
	Castalia Higashi Nihonbashi II	12-11, Nihonbashi Tomisawacho, Chuo Ward, Tokyo	Real estate in trust	2,117.46	2,070	1,227
	Castalia Jinbocho	2-40-8, Kanda-Jinbocho, Chiyoda Ward, Tokyo	Real estate in trust	1,628.80	1,760	1,071
	Castalia Shintomicho III	2-8-8, Irifune, Chuo Ward, Tokyo	Real estate in trust	972.51	931	618
	Castalia Shinjuku Gyoen	2-14-4, Shinjuku, Shinjuku Ward, Tokyo	Real estate in trust	3,594.16	3,710	2,505
	Castalia Takanawadai	3-4-12, Takanawa, Minato Ward, Tokyo	Real estate in trust	1,147.44	1,330	815
	Castalia Higashi Nihonbashi III	3-5-6, Higashi-Nihonbashi, Chuo Ward, Tokyo	Real estate in trust	1,105.20	934	598
	Castalia Shinjuku Gyoen II	1-29-15, Shinjuku, Shinjuku Ward, Tokyo	Real estate in trust	668.79	647	447
	Castalia Shintomicho IV	3-10-8, Irifune, Chuo Ward, Tokyo	Real estate in trust	681.00	579	383
	Castalia Takanawadai II	3-5-6, Takanawa, Minato Ward, Tokyo	Real estate in trust	1,567.84	1,680	1,125
	Castalia Minami Azabu	2-2-27, Minami Azabu, Minato Ward, Tokyo	Real estate in trust	882.67	925	612
	Castalia Ginza III	8-18-2, Ginza, Chuo Ward, Tokyo	Real estate	3,494.42	3,730	2,693
	Castalia Kayabacho	2-1, Nihonbashi Koami-cho, Chuo Ward, Tokyo	Real estate	4,602.95	4,060	2,470
	Castalia Takanawa	2-17-12, Takanawa, Minato Ward, Tokyo	Real estate in trust	10,408.26	11,000	7,270
	Castalia Higashi Nihonbashi	9-14, Nihonbashi Yokoyama-cho, Chuo Ward, Tokyo	Real estate	6,442.28	4,930	3,165
	Castalia Shinjuku	2-6-11, Shinjuku, Shinjuku Ward, Tokyo	Real estate	3,150.80	4,040	2,744
	Castalia Ichigaya	14-4, Ichigaya Yakuoji-machi, Shinjuku Ward, Tokyo	Real estate in trust	1,546.34	1,560	834
	Shibaura Island Bloom Tower	4-20-2, 4-20-3, 4-20-4, Shibaura, Minato Ward, Tokyo	Real estate in trust	16,849.50	10,100	5,926
	Castalia Hatsudai	1-10-9, Honmachi, Shibuya Ward, Tokyo	Real estate in trust	3,077.05	2,770	1,920
	Castalia Hatsudai II	1-33-7, Honmachi, Shibuya Ward, Tokyo	Real estate in trust	2,339.42	2,490	1,811
	Castalia Ebisu	3-15-6, Ebisu, Shibuya Ward, Tokyo	Real estate in trust	1,659.71	1,900	1,351
	Castalia Meguro Kamurozaka	4-31-23, Nishi Gotanda, Shinagawa Ward, Tokyo	Real estate in trust	4,967.97	5,390	3,921
	Castalia Toritsudaigaku	1-4-1, Midorigaoka, Meguro Ward, Tokyo	Real estate in trust	863.70	553	558
	Castalia Yukigaya	2-13-3, Higashi Yukigaya, Ota Ward, Tokyo	Real estate in trust	1,542.30	1,360	958
	Castalia Yutenji	2-14-21, Yutenji, Meguro Ward, Tokyo	Real estate in trust	1,380.35	1,520	1,287
	Castalia Otsuka	3-17-4, Minami Otsuka, Toshima Ward, Tokyo	Real estate in trust	1,871.70	1,850	1,309
	Castalia Kikukawa	2-1-12, Kikukawa, Sumida Ward, Tokyo	Real estate in trust	1,168.18	1,010	714
	Castalia Meguro	2-1-13, Meguro, Meguro Ward, Tokyo	Real estate in trust	1,414.73	1,400	847
	Castalia Otsuka II	2-32-20, Higashi-Ikebukuro, Toshima Ward, Tokyo	Real estate in trust	1,784.50	1,570	940
	Castalia Jiyugaoka	1-20-1, Jiyugaoka, Meguro Ward, Tokyo	Real estate in trust	1,472.47	1,730	1,154
	Castalia Mejiro	2-8-16, Takada, Toshima Ward, Tokyo	Real estate in trust	1,658.90	1,310	923
	Castalia Ikebukuro	3-1-12, Nishi-Ikebukuro, Toshima Ward, Tokyo	Real estate in trust	3,644.35	3,410	2,353
	Castalia Kaname-cho	5-26-10 Nishi-Ikebukuro, Toshima Ward, Tokyo	Real estate in trust	1,624.06	1,560	1,057
	Castalia Tower Shinagawa Seaside	4-10-18, Higashi Shinagawa, Shinagawa Ward, Tokyo	Real estate in trust	12,732.35	10,900	6,588
	Castalia Yakumo	2-20-5, Yakumo, Meguro Ward, Tokyo	Real estate	1,276.91	988	805
	Castalia Togoshiekimae	1-7-16, Hiratsuka, Shinagawa Ward, Tokyo	Real estate	2,014.12	2,420	1,410
	Castalia Honjo Azumabashi	3-7-11, Honjo, Sumida Ward, Tokyo	Real estate in trust	2,255.88	1,430	937

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	1,010	724
	Castalia Monzennakacho	1-17-12, Fukuzumi, Koto Ward, Tokyo	Real estate in trust	887.94	730	446
	Castalia Kamiikedai	1-4-15, Kamiikedai, Ota Ward, Tokyo	Real estate in trust	414.45	247	173
	Castalia Morishita	1-16-12, Morishita, Koto Ward, Tokyo	Real estate in trust	1,383.90	1,230	751
	Castalia Wakabayashikoen	4-39-4, Wakabayashi, Setagaya Ward, Tokyo	Real estate in trust	1,425.43	1,000	750
	Castalia Asakusabashi	2-16-21, Yanagi-bashi, Taito Ward, Tokyo	Real estate in trust	1,537.84	1,110	730
	Castalia Iriya	3-1-28, Shitaya, Taito Ward, Tokyo	Real estate in trust	1,415.15	761	496
	Castalia Kita Ueno	1-15-5, Kita-Ueno, Taito Ward, Tokyo	Real estate in trust	4,197.66	3,690	2,353
	Castalia Morishita II	2-12-11, Shin-Ohashi, Koto Ward, Tokyo	Real estate	1,275.60	1,000	573
	Castalia Minowa	5-24-4, Negishi, Taito Ward, Tokyo	Real estate	2,406.41	1,890	1,262
	Castalia Oyamadai	7-14-13, Todoroki, Setagaya Ward, Tokyo	Real estate	857.32	713	500
	Castalia Nakano	2-12-13, Arai, Nakano Ward, Tokyo	Real estate	1,613.86	1,540	954
	Castalia Yoga	1-3-12, Tamagawadai, Setagaya Ward, Tokyo	Real estate	1,472.38	1,360	863
	Castalia Sumiyoshi	2-8-11, Sumiyoshi, Koto Ward, Tokyo	Real estate	1,362.60	1,220	817
	Castalia Monzennakacho II	2-2-9, Tomioka, Koto Ward, Tokyo	Real estate	3,038.98	3,300	1,902
	Castalia Oshiage	3-5-2, Mukoujima, Sumida Ward, Tokyo	Real estate	1,785.24	1,380	918
	Castalia Kuramae	3-9-4, Kuramae, Taito Ward, Tokyo	Real estate	1,994.93	1,760	1,109
	Castalia Nakanobu	4-7-11, Nakanobu, Shinagawa Ward, Tokyo	Real estate in trust	2,421.82	2,730	1,588
	Royal Parks Toyosu	3-5-21, Toyosu, Koto Ward, Tokyo	Real estate in trust	18,112.03	11,400	5,254
	Castalia Togoshi	5-2-1, Togoshi, Shinagawa Ward, Tokyo	Real estate in trust	2,629.59	2,750	1,481
	Castalia Ooimachi	4-2-11, Ooi, Shinagawa Ward, Tokyo	Real estate	1,413.75	1,800	1,080
	Castalia Omori	1-19-20, Omori kita, Ota Ward, Tokyo	Real estate in trust	2,046.36	2,070	1,353
	Castalia Mishuku	1-3-39, Taishidou, Setagaya Ward, Tokyo	Real estate in trust	2,640.86	2,740	1,723
	Castalia Arakawa	2-3-1, Arakawa, Arakawa Ward, Tokyo	Real estate in trust	3,797.92	2,580	1,477
	Castalia Omori II	1-8-13, Omori kita, Ota Ward, Tokyo	Real estate in trust	2,818.70	3,290	2,217
	Castalia Nakameguro	1-18-7, Aobadai, Meguro Ward, Tokyo	Real estate in trust	3,166.71	5,240	3,692
	Castalia Meguro Chojyamaru	2-8-1, Kamiosaki, Shinagawa Ward, Tokyo	Real estate in trust	2,123.77	2,820	2,019
	Castalia Meguro Takaban	1-6-19, Takaban, Meguro Ward, Tokyo	Real estate in trust	1,961.52	2,230	1,698
	Castalia Omori III	5-21-11, Minami-ooi, Shinagawa Ward, Tokyo	Real estate in trust	2,004.80	2,000	1,408
	Castalia Meguro Tairamachi	1-23-8, Tairamachi, Meguro Ward, Tokyo	Real estate in trust	1,278.52	1,510	1,158
	Royal Parks SEASIR	1-16-2, Nishiarai Sakae-cho, Adachi Ward, Tokyo	Real estate in trust	17,269.74	5,250	3,571
	Castalia Honkomagome	6-21-2, Honkomagome, Bunkyo Ward, Tokyo	Real estate in trust	2,224.41	2,060	1,439
	Cosmo Heim Musashikosugi	2-8, Kizuki Ise-cho, Nakahara Ward, Kawasaki City, Kanagawa	Real estate in trust	4,208.83	2,430	1,628
	Castalia Tsurumi	3-5-10, Tsurumi Chuo, Tsurumi Ward, Yokohama City, Kanagawa	Real estate in trust	1,452.09	884	581
	Castalia Funabashi	4-4-8, Honcho, Funabashi City, Chiba	Real estate in trust	1,552.01	912	648
	Castalia Nishi Funabashi	4-19-16, Nishi Funa, Funabashi City, Chiba	Real estate in trust	1,597.32	1,100	712
	Castalia Nogeiyama	1-8-1, Hinodecho, Naka Ward, Yokohama City, Kanagawa	Real estate in trust	744.90	412	298
	Castalia Ichikawa	1-24-3, Ichikawa, Ichikawa City, Chiba	Real estate in trust	876.89	655	399
	Royal Parks Hanakoganei	1-8-2, Hanakoganei, Kodaira City, Tokyo	Real estate in trust	18,153.57	6,980	4,379
	Castalia Musashikosugi	2-21, Imaikami-cho, Nakahara Ward, Kawasaki City, Kanagawa	Real estate in trust	2,179.80	2,090	1,573
	Royal Parks Wakabadai	2-1-1, Wakabadai, Inagi City, Tokyo	Real estate in trust	21,367.93	4,900	3,263
	Pacific Royal Court Minatomirai Urban Tower	5-3-3, Minatomirai, Nishi Ward, Yokohama City, Kanagawa	Real estate in trust	26,294.49	11,900	6,919
	L-Place Shinkoyasu	3-298-1, Koyasu-dori, Kanagawa Ward, Yokohama City, Kanagawa	Real estate in trust	3,009.74	2,410	1,542
	Royal Parks Musashikosugi	13-8, Aza Shinjuku-kochi, Nakamaruko, Nakahara Ward, Kawasaki City, Kanagawa	Real estate in trust	3,808.97	1,380	853
	Castalia Sakaisuji Honmachi	1-3-7, Kyutarochi, Chuo Ward, Osaka City, Osaka	Real estate in trust	3,471.39	2,150	1,293
	Castalia Shin-Umeda	6-8-21, Nakatsu, Kita Ward, Osaka City, Osaka	Real estate in trust	3,279.90	1,970	1,190
	Castalia Abeno	2-4-37, Abeno-Suji, Abeno Ward, Osaka City, Osaka	Real estate	10,920.75	6,700	3,972
	Castalia Sakae	4-16-10, Sakae, Naka Ward, Nagoya City, Aichi	Real estate	2,836.00	1,400	878
	Castalia Higashi Hie	5-31, Hie-cho, Hakata Ward, Fukuoka City, Fukuoka	Real estate	3,061.60	1,260	823
	Castalia Tower Nagahoribashi	1-15-25, Shimanouchi, Chuo Ward, Osaka City, Osaka	Real estate	8,747.40	5,310	2,787
	Castalia Sannomiya	3-2-31, Isobedori, Chuo Ward, Kobe City, Hyogo	Real estate	3,071.60	1,700	1,034
	Castalia Kotodaikoen	3-10-24, Kokubun-cho, Aoba Ward, Sendai City, Miyagi	Real estate	1,684.10	615	409
	Castalia Ichibancho	1-6-27, 1-6-30, Ichibancho, Aoba Ward, Sendai City, Miyagi	Real estate	2,800.32	1,020	650
	Castalia Omachi	2-5-8, Omachi, Aoba Ward, Sendai City, Miyagi	Real estate	2,149.08	891	558
	Castalia Uemachidai	4-1-12, Uehonmachi Nishi, Chuo Ward, Osaka City, Osaka	Real estate	5,415.39	3,140	1,949
	Castalia Tower Higobashi	1-2-24, Tosabori, Nishi Ward, Osaka City, Osaka	Real estate	6,230.20	4,060	2,303
	Castalia Fushimi	1-8-49, Nishiki, Naka Ward, Nagoya City, Aichi	Real estate in trust	7,022.69	3,330	1,831

# 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)
Residential properties	Castalia Yakuin	2-3-13, Imaizumi, Chuo Ward, Fukuoka City, Fukuoka	Real estate	2,784.83	1,350	836
	Castalia Mibu	79, Mibu Aiai-cho, Nakagyo Ward, Kyoto City, Kyoto	Real estate in trust	2,828.39	1,710	1,006
	Castalia Tsutsujigaoka	4-2-35, Shintera, Wakabayashi Ward, Sendai City, Miyagi	Real estate in trust	4,471.11	1,930	1,064
	Royal Parks Namba	2-2-40, Minato machi, Naniwa Ward, Osaka City, Osaka	Real estate in trust	10,354.15	3,040	2,359
	Castalia Shigahondori	1-15-2, Wakabadori, Kita Ward, Nagoya City, Aichi	Real estate in trust	5,086.69	2,480	1,451
	Castalia Kyoto Nishioji	100-1, Shichijyo Goshonouchi Minamimachi, Shimogyo Ward, Kyoto City, Kyoto	Real estate	2,035.37	1,160	954
	Castalia Ningyocho III	1-2-3, Nihonbashi Ningyocho, Chuo Ward, Tokyo	Real estate in trust	2,897.06	3,100	1,896
	Royal Parks Umejima	5-25-33, Umeda, Adachi Ward, Tokyo	Real estate in trust	6,828.78	2,480	1,759
	Castalia Shinsakae II	1-29-21, Shinsakae, Naka Ward, Nagoya City, Aichi	Real estate in trust	4,425.46	2,120	1,726
	Castalia Sumiyoshi II	1-16-1, Sumiyoshi, Koto Ward, Tokyo	Real estate in trust	1,687.89	1,520	1,511
Residential properties – Subtotal				444,613.52	326,643	214,283
Retail properties	ACROSSMALL Shinkamagaya	2-12-1, Shin-Kamagaya, Kamagaya City, Chiba	Real estate in trust	41,742.84	8,990	7,202
	FOLEO Hirakata	1-20-10, Koyamichi, Hirakata City, Osaka	Real estate in trust	16,385.56	4,670	4,223
	QIZ GATE URAWA	3720, Aza Fudodani, Oaza Nakao, Midori Ward, Saitama City, Saitama	Real estate in trust	9,720.49	4,580	4,079
	UNICUS Takasaki	1150-5, Aza Nishikanai, Iizuka-machi, Takasaki City, Gunma	Real estate in trust	9,277.08	3,280	2,876
	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	8,440	7,677
	ASOBOX (Land)	2-2-16, Nakatsuguchi, Kokura Kita Ward, Kitakyushu City, Fukuoka	Real estate in trust	11,207.90	2,060	1,617
	FOLEO Ome Imai	3-10-9, Imai, Ome City, Tokyo	Real estate in trust	8,637.91	4,070	3,617
	FOLEO Otsu Ichiriyama	7-1-1, Ichiriyama, Otsu City, Shiga	Real estate in trust	62,917.73	8,730	7,781
	FOLEO Hakata (Note 5)	1-14-46, Higashinaka, Hakata Ward, Fukuoka City, Fukuoka	Real estate in trust	23,230.77	3,730	3,155
	ACROSSMALL Semboku (Land)	5-456-67, Harayamadai, Minami Ward, Sakai City, Osaka	Real estate in trust	30,824.72	3,920	3,383
	iias Tsukuba	5-19, Kenkyugakuen, Tsukuba City, Ibaraki	Real estate in trust	138,900.39	35,000	33,473
	LIFE Sagamihara Wakamatsu	5-19-5, Wakamatsu, Minami Ward, Sagamihara City, Kanagawa	Real estate in trust	2,973.44	1,930	1,629
	FOLEO Sendai Miyanomori	4-14-5, Higashisendai, Miyagino Ward, Sendai City, Miyagi	Real estate in trust	19,845.72	7,640	6,827
	ACROSSPLAZA Inazawa (Land)	5-1-1, Otsuka Minami, Inazawa City, Aichi	Real estate in trust	31,981.70	2,630	2,390
	Sports Depo and GOLF5 Kokurahigashi IC Store	2-18-17, Kamikuzuhara, Kokuraminami Ward, Kitakyushu City, Fukuoka	Real estate in trust	8,899.89	2,450	2,066
	Hiratsuka Retail Property (Land)	1-2, Kuryozutsumi, Hiratsuka City, Kanagawa	Real estate in trust	28,002.92	6,770	5,857
	Royal Home Center Morinomiya (Land)	1-540-1, Tamatsukuri, Chuo Ward, Osaka City, Osaka	Real estate in trust	6,669.74	5,310	4,541
	Aoyama Tailor Bunkyo Sengoku Ekimae Store	2-29-21, Honkomagome, Bunkyo Ward, Tokyo	Real estate in trust	1,066.95	786	760
	FOLEO Shobu	6006-1, Aza Terada, Shobu, Shobucho, Kuki City, Saitama	Real estate in trust	19,104.17	5,350	4,852
Hapias Kaita (Land)	2-1262-11, Une, Kaita-cho, Aki District, Hiroshima	Real estate	13,415.52	1,550	1,471	
COMBOX310	1-107-1, Miyamachi, Mito City, Ibaraki	Real estate in trust	30,517.69	4,790	4,159	
Sports Plaza Ibaraki	6-2, Eidai-cho, Ibaraki City, Osaka (Retail Building) 9-22, Eidai-cho, Ibaraki City, Osaka (Land of Parking Garage)	Real estate in trust	9,470.27	2,710	2,663	
Retail properties – Subtotal				571,008.21	133,346	120,045
Hotel properties	Daiwa Roynet Hotel Yokohama Kannai	2-7-4, Hagoromocho, Naka Ward, Yokohama City, Kanagawa	Real estate in trust	7,932.37	4,930	4,607
	Super Hotel JR Nara Station Sanjo Street	500-1, Sanjo-cho, Nara City, Nara	Real estate in trust	2,637.18	1,500	1,397
	Daiwa Roynet Hotel Nagoya Shinkansenguchi	1-23, Tsubakicho, Nakamura Ward, Nagoya City, Aichi	Real estate in trust	7,605.41	4,350	5,307
	AMANEK Kanazawa	2-25-17, Katamachi, Kanazawa City, Ishikawa	Real estate in trust	7,011.58	4,960	4,968
	Candeo Hotels Nagasaki Shinchi Chinatown	3-12 Doza-machi, Nagasaki City, Nagasaki	Real estate in trust	6,770.65	3,360	3,022
MIMARU Tokyo Akasaka	7-9-6, Akasaka, Minato Ward, Tokyo	Real estate in trust	1,909.44	3,330	3,142	
Hotel properties – Subtotal				33,866.63	22,430	22,447

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	1,320	768
	Aburatsubo Marina HILLS	1523-1, Aza Shirasu, Misaki-machi Moroiso, Miura City, Kanagawa	Real estate in trust	3,901.14	1,320	989
	Naha Shin-Toshin Center Building (Daiwa Roynet Hotel Naha-Omoromachi)	1-1-12, Omoromachi, Naha City, Okinawa	Real estate in trust	13,480.00	8,180	6,944
	Sharp Hiroshima Building	2-13-4, Nishihara, Asaminami Ward, Hiroshima City, Hiroshima	Real estate in trust	3,064.89	2,000	1,767
	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	1,375
	GRANODE Hiroshima	3-5-7, Futabanosato, Higashi Ward, Hiroshima City, Hiroshima	Real estate in trust	29,915.08	32,400	27,932
	Other – Subtotal				55,884.23	46,600
Total				3,200,681.81	1,085,829	844,920

- (Notes)
- "Location" means displayed address of each real estate or each real estate in trust. If a property does not have a displayed address, the address of the building in the register (when there is more than one address, any of them) is shown. For land properties, the address of the land in the register is shown as location.
  - "Leasable area" means the leasable area of the building (or land in the case of land properties) in relation to each real estate or each real estate in trust and the figures stated refer to the area DHR believes is leasable as indicated in the relevant lease agreement or drawing of the building, etc. in relation to each real estate or each real estate in trust as of August 31, 2023. In the cases of each co-owned real estate or quasi co-owned trust beneficiary interests, the leasable area of the entire real estate multiplied by the ratio of co-ownership of the real estate or quasi co-ownership of the trust beneficiary interests in real estate held by DHR is provided.
  - "Assessed value at the end of period" is the appraisal value as of August 31, 2023 provided by real estate appraisers (Daiwa Real Estate Appraisal Co., Ltd., Chuo Real Estate Appraisal Co., Ltd., The Tanizawa Sogo Appraisal Co., Ltd., Japan Real Estate Institute and JLL Mori Valuation & Advisory K.K.) in accordance with the Articles of Incorporation of DHR as well as "Regulations on Accounting of Investment Corporations." The amounts are rounded down to the nearest million yen. There is no special interest between DHR and each real estate appraiser.
  - "Book value" is the amount recorded on the balance sheets as of August 31, 2023 (in the case of real estate and real estate in trust, "Book value" is the acquisition price (including expenses associated with the acquisition) less accumulated depreciation), which is rounded down to the nearest million yen.
  - Separately from the building of this property, a part of the land of this property is leased to the lessee for the purpose of subleasing to Fukuoka Prefecture and other third parties as land for a police station, etc. Therefore, the area of such leased land is not included in the leasable area.



# I. Asset Management Report

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

Asset class	Property name	34th period (From September 1, 2022 to February 28, 2023)			35th period (From March 1, 2023 to August 31, 2023)		
		Occupancy rate (as of the end of period) (%) (Note 1)	Rental revenues (during the period) (Yen in thousands)	Rate to total real estate rental revenues (%) (Note 2)	Occupancy rate (as of the end of period) (%) (Note 1)	Rental revenues (during the period) (Yen in thousands)	Rate to total real estate rental revenues (%) (Note 2)
Logistics properties	D Project Machida	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Hachioji	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Aikawa-Machi	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Urayasu I	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Urayasu II	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Akanehama	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Noda	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Inuyama	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Neyagawa	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Morioka	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Tsuchiura	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Fukuoka Umi	100.0	136,871	0.5	100.0	136,880	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	0.3	100.0	102,933	0.3
	D Project Kawagoe II	100.0	142,536	0.5	100.0	142,536	0.5
	DPL Inuyama	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Fukuoka Hakozaki	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Kuki III	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Kuki IV	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Kuki V	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Kuki VI	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Yashio	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Nishiyodogawa	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Matsudo	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Hibiki Nada	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Morioka II	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Kawagoe III	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Kazo	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Urayasu III	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Tomisato	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Kyotanabe	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Sendai Izumi	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Oyama	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Sano	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Tatebayashi	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Kakegawa	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Hiroshima Seifu	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Tosu II	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
D Project Kawagoe IV	100.0	161,023	0.5	100.0	161,023	0.5	
D Project Kuki VII	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)	
D Project Chibakita	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)	
D Project Matsudo II	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)	
D Project Tomisato II	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)	
D Project Osaka Hirabayashi	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)	
D Project Sendai Izumi II	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)	
D Project Kaminokawa	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)	
D Project Fuji	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)	
D Project Tosu III	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)	
D Project Kitahachioji I	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)	
D Project Kitahachioji II	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)	
D Project Kitahachioji III	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)	

Asset class	Property name	34th period (From September 1, 2022 to February 28, 2023)			35th period (From March 1, 2023 to August 31, 2023)		
		Occupancy rate (as of the end of period) (%) (Note 1)	Rental revenues (during the period) (Yen in thousands)	Rate to total real estate rental revenues (%) (Note 2)	Occupancy rate (as of the end of period) (%) (Note 1)	Rental revenues (during the period) (Yen in thousands)	Rate to total real estate rental revenues (%) (Note 2)
Logistics properties	D Project Itabashi Shingashi	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Sagamihara	100.0	102,828	0.3	100.0	102,828	0.3
	D Project Kuki VIII	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Yokkaichi	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Ibaraki Ishioka	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Wako A	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Hiratsuka	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	DPL Misato	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	DPL Fukuoka Kasuya	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	DPL Kitakyushu	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	DPL Nagareyama I	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	DPL Shin-Narashino	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	DPL Nagareyama III	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	Logistics properties – Subtotal	100.0	13,937,632	47.3	100.0	13,868,661	46.9
	Qiz Ebisu	98.1	244,303	0.8	96.6	240,362	0.8
	Castalia Azabujuban Shichimenzaka	96.8	115,315	0.4	95.5	119,396	0.4
	Castalia Shibakoen	94.2	68,277	0.2	94.9	69,368	0.2
	Castalia Ginza	91.3	69,169	0.2	93.8	70,316	0.2
	Castalia Hiroo	97.5	53,613	0.2	96.4	53,396	0.2
	Castalia Nihonbashi	100.0	38,233	0.1	93.4	40,768	0.1
Castalia Hacchobori	96.8	68,788	0.2	94.6	70,758	0.2	
Castalia Azabujuban	100.0	74,943	0.3	95.9	74,332	0.3	
Castalia Azabujuban II	92.8	64,779	0.2	90.5	62,655	0.2	
Castalia Shinjuku Natsumezaka	92.9	46,934	0.2	98.5	48,410	0.2	
Castalia Ginza II	98.6	53,196	0.2	97.2	53,749	0.2	
Castalia Shibuya Sakuragaoka	91.4	34,580	0.1	100.0	35,490	0.1	
Castalia Nishi Azabu Kasumicho	98.1	76,772	0.3	100.0	80,303	0.3	
Castalia Ochanomizu	92.4	58,876	0.2	100.0	59,863	0.2	
Castalia Sangubashi	96.2	48,322	0.2	100.0	49,725	0.2	
Castalia Suitengu	98.4	46,645	0.2	97.1	48,343	0.2	
Castalia Suitengu II	100.0	43,636	0.1	100.0	42,739	0.1	
Castalia Shintomicho	95.2	34,520	0.1	97.7	35,149	0.1	
Castalia Shintomicho II	93.8	30,148	0.1	97.3	31,164	0.1	
Castalia Harajuku	100.0	29,052	0.1	95.1	27,534	0.1	
Castalia Yoyogi Uehara	100.0	23,048	0.1	100.0	23,393	0.1	
Castalia Sendagaya	100.0	20,910	0.1	95.8	21,679	0.1	
Castalia Shinjuku 7 chome	100.0	18,423	0.1	100.0	19,844	0.1	
Castalia Ningyocho	100.0	39,792	0.1	95.0	40,269	0.1	
Castalia Ningyocho II	100.0	43,076	0.1	100.0	42,369	0.1	
Castalia Shin-Ochanomizu	97.3	34,151	0.1	100.0	34,414	0.1	
Castalia Higashi Nihonbashi II	97.4	52,142	0.2	98.8	53,476	0.2	
Castalia Jinbocho	100.0	42,029	0.1	100.0	43,780	0.1	
Castalia Shintomicho III	97.7	24,538	0.1	95.6	23,924	0.1	
Castalia Shinjuku Gyoen	100.0	83,811	0.3	100.0	83,787	0.3	
Castalia Takanawadai	97.3	30,529	0.1	100.0	31,010	0.1	
Castalia Higashi Nihonbashi III	100.0	24,336	0.1	100.0	24,352	0.1	
Castalia Shinjuku Gyoen II	96.3	16,804	0.1	100.0	16,637	0.1	
Castalia Shintomicho IV	100.0	16,875	0.1	100.0	16,810	0.1	
Castalia Takanawadai II	90.3	38,752	0.1	94.3	36,151	0.1	
Castalia Minami Azabu	96.9	21,911	0.1	94.2	21,181	0.1	
Castalia Ginza III	100.0	88,887	0.3	98.3	90,458	0.3	
Castalia Kayabacho	97.8	102,489	0.3	96.6	103,174	0.3	
Castalia Takanawa	99.1	264,303	0.9	97.4	264,579	0.9	

Asset class	Property name	34th period (From September 1, 2022 to February 28, 2023)			35th period (From March 1, 2023 to August 31, 2023)		
		Occupancy rate (as of the end of period) (%) (Note 1)	Rental revenues (during the period) (Yen in thousands)	Rate to total real estate rental revenues (%) (Note 2)	Occupancy rate (as of the end of period) (%) (Note 1)	Rental revenues (during the period) (Yen in thousands)	Rate to total real estate rental revenues (%) (Note 2)
Residential properties	Castalia Higashi Nihonbashi	98.8	150,169	0.5	99.1	150,058	0.5
	Castalia Shinjuku	100.0	92,562	0.3	100.0	92,554	0.3
	Castalia Ichigaya	93.3	41,023	0.1	100.0	44,589	0.2
	Shibaura Island Bloom Tower	98.1	406,033	1.4	96.5	410,620	1.4
	Castalia Hatsudai	95.6	69,069	0.2	96.5	69,972	0.2
	Castalia Hatsudai II	97.7	60,157	0.2	89.1	60,378	0.2
	Castalia Ebisu	100.0	44,661	0.2	88.9	44,061	0.1
	Castalia Meguro Kamurozaka	94.6	132,978	0.5	96.6	132,691	0.4
	Castalia Toritsudaigaku	100.0	18,802	0.1	100.0	18,602	0.1
	Castalia Yukigaya	100.0	34,740	0.1	94.8	35,160	0.1
	Castalia Yutenji	95.8	36,772	0.1	100.0	37,039	0.1
	Castalia Otsuka	97.5	47,920	0.2	93.3	47,880	0.2
	Castalia Kikukawa	94.0	26,070	0.1	94.1	27,604	0.1
	Castalia Meguro	100.0	33,241	0.1	100.0	34,283	0.1
	Castalia Otsuka II	98.3	38,566	0.1	100.0	38,888	0.1
	Castalia Jiyugaoka	94.5	39,467	0.1	95.6	40,035	0.1
	Castalia Mejiro	97.5	34,644	0.1	96.2	35,096	0.1
	Castalia Ikebukuro	95.0	87,191	0.3	96.0	87,924	0.3
	Castalia Kaname-cho	100.0	39,851	0.1	98.6	40,553	0.1
	Castalia Tower Shinagawa Seaside	98.5	293,892	1.0	96.7	295,965	1.0
	Castalia Yakumo	100.0	24,738	0.1	100.0	23,900	0.1
	Castalia Togoshiekimae	100.0	53,717	0.2	100.0	55,551	0.2
	Castalia Honjo Azumabashi	98.2	39,874	0.1	100.0	41,213	0.1
	Castalia Kitazawa	100.0	28,478	0.1	93.4	25,968	0.1
	Castalia Monzennakacho	100.0	17,700	0.1	100.0	17,670	0.1
	Castalia Kamiikedai	82.2	5,553	0.0	60.6	3,916	0.0
	Castalia Morishita	97.1	33,707	0.1	97.8	33,548	0.1
	Castalia Wakabayashiko	100.0	29,151	0.1	95.7	28,926	0.1
	Castalia Asakusabashi	93.1	34,109	0.1	92.5	33,767	0.1
	Castalia Iriya	100.0	25,323	0.1	100.0	24,156	0.1
	Castalia Kita Ueno	99.1	95,998	0.3	98.4	96,498	0.3
	Castalia Morishita II	97.6	28,960	0.1	97.6	28,602	0.1
	Castalia Minowa	99.0	51,111	0.2	97.3	52,593	0.2
	Castalia Oyamadai	100.0	17,377	0.1	100.0	17,360	0.1
	Castalia Nakano	97.7	37,216	0.1	97.7	37,884	0.1
	Castalia Yoga	93.2	33,232	0.1	91.0	33,138	0.1
	Castalia Sumiyoshi	93.1	33,506	0.1	95.3	33,987	0.1
	Castalia Monzennakacho II	100.0	69,308	0.2	100.0	69,829	0.2
	Castalia Oshiage	100.0	37,641	0.1	97.7	41,850	0.1
	Castalia Kuramae	100.0	43,831	0.1	100.0	43,807	0.1
	Castalia Nakanobu	95.9	65,226	0.2	96.8	65,780	0.2
Royal Parks Toyosu	100.0	346,208	1.2	100.0	346,006	1.2	
Castalia Togoshi	96.7	74,507	0.3	97.4	74,726	0.3	
Castalia Ooimachi	98.5	39,850	0.1	100.0	41,818	0.1	
Castalia Omori	96.9	51,615	0.2	100.0	51,783	0.2	
Castalia Mishuku	97.5	68,722	0.2	100.0	72,472	0.2	
Castalia Arakawa	100.0	69,703	0.2	98.4	69,851	0.2	
Castalia Omori II	97.1	100,787	0.3	96.3	80,784	0.3	
Castalia Nakameguro	100.0	118,811	0.4	93.9	119,130	0.4	
Castalia Meguro Chojyamaru	92.4	64,942	0.2	94.0	64,558	0.2	
Castalia Meguro Takaban	98.4	53,262	0.2	88.8	52,709	0.2	
Castalia Omori III	96.6	47,554	0.2	95.0	47,897	0.2	
Castalia Meguro Tairamachi	96.7	33,769	0.1	94.3	34,229	0.1	
Royal Parks SEASIR	100.0	248,550	0.8	100.0	248,634	0.8	
Castalia Honkomagome	96.2	50,185	0.2	97.7	51,520	0.2	
Cosmo Heim Musashikosugi	100.0	60,164	0.2	100.0	60,208	0.2	

Asset class	Property name	34th period (From September 1, 2022 to February 28, 2023)			35th period (From March 1, 2023 to August 31, 2023)		
		Occupancy rate (as of the end of period) (%) (Note 1)	Rental revenues (during the period) (Yen in thousands)	Rate to total real estate rental revenues (%) (Note 2)	Occupancy rate (as of the end of period) (%) (Note 1)	Rental revenues (during the period) (Yen in thousands)	Rate to total real estate rental revenues (%) (Note 2)
Residential properties	Castalia Tsurumi	100.0	29,803	0.1	100.0	30,610	0.1
	Castalia Funabashi	94.4	30,977	0.1	96.6	31,793	0.1
	Castalia Nishi Funabashi	100.0	35,312	0.1	98.8	35,129	0.1
	Castalia Nogeeyama	100.0	14,840	0.1	93.3	15,371	0.1
	Castalia Ichikawa	100.0	19,680	0.1	100.0	19,692	0.1
	Royal Parks Hanakoganei	100.0	245,900	0.8	100.0	246,546	0.8
	Castalia Musashikosugi	97.7	58,013	0.2	94.4	56,732	0.2
	Royal Parks Wakabadai	100.0	262,375	0.9	100.0	261,681	0.9
	Pacific Royal Court Minatomirai Urban Tower	100.0	531,798	1.8	100.0	530,462	1.8
	L-Place Shinkoyasu	100.0	56,927	0.2	100.0	56,868	0.2
	Royal Parks Musashikosugi	100.0	69,544	0.2	100.0	69,548	0.2
	Castalia Sakaisuji Honmachi	96.7	60,880	0.2	92.8	60,265	0.2
	Castalia Shin-Umeda	95.5	55,548	0.2	99.2	54,613	0.2
	Castalia Abeno	100.0	182,744	0.6	99.4	182,898	0.6
	Castalia Sakae	96.1	45,838	0.2	89.3	44,028	0.1
	Castalia Higashi Hie	99.2	45,192	0.2	100.0	45,098	0.2
	Castalia Tower Nagahoribashi	97.3	164,951	0.6	96.2	165,978	0.6
	Castalia Sannomiya	98.2	54,665	0.2	92.8	52,266	0.2
	Castalia Kotodaikoen	100.0	24,286	0.1	98.2	24,169	0.1
	Castalia Ichibancho	96.9	38,855	0.1	93.8	38,095	0.1
	Castalia Omachi	95.8	32,643	0.1	98.6	32,134	0.1
	Castalia Uemachidai	100.0	91,616	0.3	97.2	93,165	0.3
	Castalia Tower Higobashi	96.5	128,433	0.4	95.6	130,647	0.4
	Castalia Fushimi	95.0	103,942	0.4	93.7	103,569	0.4
	Castalia Meieki Minami (Note 4)	96.9	30,690	0.1	—	4,966	0.0
	Castalia Yakuin	99.2	43,915	0.1	97.5	43,981	0.1
	Castalia Mibu	91.5	47,666	0.2	95.1	48,295	0.2
	Castalia Tsutsujigaoka	95.0	57,991	0.2	96.4	57,946	0.2
	Royal Parks Namba	100.0	140,014	0.5	100.0	140,353	0.5
	Castalia Shigahondori	93.3	74,300	0.3	95.5	74,275	0.3
	Castalia Kyoto Nishioji	95.2	32,471	0.1	97.5	33,991	0.1
	Castalia Ningyocho III	100.0	74,144	0.3	99.0	72,633	0.2
	Royal Parks Umejima	100.0	103,748	0.4	100.0	104,684	0.4
Castalia Shinsakae II	100.0	60,061	0.2	100.0	59,966	0.2	
Castalia Sumiyoshi II	97.2	36,206	0.1	97.2	34,138	0.1	
Residential properties – Subtotal		98.3	9,335,129	31.7	97.8	9,331,977	31.6
Retail properties	ACROSSMALL Shinkamagaya	100.0	280,500	1.0	100.0	280,500	0.9
	FOLEO Hirakata	94.3	254,129	0.9	94.3	245,933	0.8
	QIZ GATE URAWA	100.0	207,576	0.7	100.0	204,629	0.7
	UNICUS Takasaki	100.0	129,870	0.4	100.0	129,870	0.4
	ACROSSPLAZA Miyoshi (Land)	100.0	94,290	0.3	100.0	94,290	0.3
	DREAM TOWN ALI	99.7	350,580	1.2	99.7	355,498	1.2
	ASOBOX (Land)	100.0	47,088	0.2	100.0	47,088	0.2
	FOLEO Ome Imai	100.0	128,820	0.4	100.0	128,829	0.4
	FOLEO Otsu Ichiryama	100.0	322,620	1.1	100.0	323,463	1.1
	FOLEO Hakata	100.0	127,063	0.4	100.0	126,816	0.4
	ACROSSMALL Semboku (Land)	100.0	90,612	0.3	100.0	90,612	0.3
	iiias Tsukuba	100.0	1,078,155	3.7	100.0	1,094,509	3.7
LIFE Sagamihara Wakamatsu	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)	
FOLEO Sendai Miyanomori	100.0	239,274	0.8	100.0	239,477	0.8	
ACROSSPLAZA Inazawa (Land)	100.0	69,840	0.2	100.0	69,840	0.2	



Asset class	Property name	34th period (From September 1, 2022 to February 28, 2023)			35th period (From March 1, 2023 to August 31, 2023)		
		Occupancy rate (as of the end of period) (%) (Note 1)	Rental revenues (during the period) (Yen in thousands)	Rate to total real estate rental revenues (%) (Note 2)	Occupancy rate (as of the end of period) (%) (Note 1)	Rental revenues (during the period) (Yen in thousands)	Rate to total real estate rental revenues (%) (Note 2)
Retail properties	Sports Depo and GOLF5 Kukurahigashi 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)
	Royal Home Center Morinomiya (Land)	100.0	104,880	0.4	100.0	104,880	0.4
	Aoyama Tailor Bunkyo Sengoku Ekimae Store	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	FOLEO Shobu	100.0	157,806	0.5	100.0	157,776	0.5
	Hapias Kaita (Land)	100.0	38,574	0.1	100.0	38,550	0.1
	COMBOX310	100.0	150,150	0.5	100.0	151,500	0.5
	Sports Plaza Ibaraki	100.0	82,842	0.3	100.0	82,842	0.3
	Retail properties – Subtotal	99.8	4,242,324	14.4	99.8	4,254,585	14.4
	Hotel properties	Daiwa Roynet Hotel Yokohama Kannai	100.0	154,204	0.5	100.0	156,094
Super Hotel JR Nara Station Sanjo Street		100.0	51,425	0.2	100.0	49,608	0.2
Daiwa Roynet Hotel Nagoya Shinkansenguchi		100.0	126,000	0.4	100.0	126,000	0.4
AMANEK Kanazawa		100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
Candeo Hotels Nagasaki Shinchi Chinatown		100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
MIMARU Tokyo Akasaka		–	–	–	100.0	61,428	0.2
Hotel properties – Subtotal		100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
Other assets	Urban Living Inage	100.0	39,060	0.1	100.0	39,060	0.1
	Aburatsubo Marina HILLS	100.0	43,749	0.1	100.0	43,749	0.1
	Naha Shin-Toshin Center Building (Daiwa Roynet Hotel Naha-Omoromachi)	100.0	328,109	1.1	100.0	345,474	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	995,549	3.4	98.6	1,027,803	3.5
	Other – Subtotal	99.7	(Note 3)	(Note 3)	99.2	(Note 3)	(Note 3)
	Total	99.7	29,489,738	100.0	99.6	29,570,814	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, 2023 and August 31, 2023, rounded to the first decimal place.  
2. "Rate to total real estate rental revenues" is the rental revenues from each real estate or each real estate in trust expressed as a percentage of total rental revenues from the entire portfolio, rounded to the first decimal place.  
3. Undisclosed as consent for disclosure has not been obtained from the lessee. In addition, certain subtotals (rental revenues and rate to total real estate rental revenues for "Hotel properties – Subtotal" and "Other – Subtotal"), disclosure of which would reveal items for which the consent for disclosure has not been obtained from the lessee, are undisclosed.  
4. The disposition of property was completed on March 30, 2023.

#### (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, 2023.

Category	Type	Contracted amount (Yen in thousands) (Note 1)		Fair value (Yen in thousands) (Note 2) (Note 3)
			Portion due after one year	
Transaction other than market transaction	Interest rate swap transaction Receipt: floating interest rate Payment: fixed interest rate	65,400,000	58,400,000	953,601
		Total	65,400,000	58,400,000

(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, 2023.

(Yen in thousands)								
Type	Issue name	Total face value	Book value	Accrued interest	Prepaid accrued interest	Fair value	Valuation gain or loss	Remark
Government bonds	30-year principal-stripped government bonds (Series 27)	10,000	9,515	–	–	8,625	(890)	Deposited as business security deposit
Total		10,000	9,515	–	–	8,625	(890)	

#### (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, 2023. The estimated construction cost includes the portion charged to expenses.

Property name (Location)	Purpose	Scheduled period	Estimated construction cost (Yen in thousands)		
			Total amount	Payment during the period	Total amount paid
D Project Urayasu I (Urayasu City, Chiba)	Replacement of indoor and outdoor fire hydrant pipes	From July 2023 to October 2023	108,900	–	–
D Project Kuki II (Kuki City, Saitama)	Installation of HVAC	From July 2023 to October 2023	529,221	–	–
D Project Urayasu III (Urayasu City, Chiba)	Replacement of indoor and outdoor fire hydrant pipes	From October 2023 to January 2024	119,900	–	–
D Project Kaminokawa (Kawachi District, Tochigi)	Formation of fire compartments	From August 2023 to March 2024	737,000	221,100	221,100
D Project Kitahachioji I (Hachioji City, Tokyo)	Replacement of HVAC	From March 2024 to May 2024	99,253	–	–
D Project Kuki VIII (Kuki City, Saitama)	Construction of hazardous materials storage	From April 2024 to July 2024	62,040	–	–
DPL Nagareyama III (Nagareyama City, Chiba)	Installation of solar power generation equipment	From March 2023 to September 2023	308,000	205,700	205,700
Castalia Higashi Nihonbashi III (Chuo Ward, Tokyo)	Intercom renewal	From January 2024 to February 2024	11,153	–	–
Castalia Kaname-cho (Toshima Ward, Tokyo)	Intercom renewal	From July 2024 to August 2024	15,404	–	–
Castalia Morishita II (Koto Ward, Tokyo)	Large-scale renovations	From September 2023 to February 2024	59,730	–	–
Castalia Togoshi (Shinagawa Ward, Tokyo)	Large-scale renovations	From September 2023 to March 2024	145,200	–	–
Castalia Mishuku (Setagaya Ward, Tokyo)	Large-scale renovations	From September 2023 to February 2024	60,885	–	–
Castalia Omori III (Shinagawa Ward, Tokyo)	Large-scale renovations	From September 2023 to February 2024	61,545	–	–
Castalia Musashikosugi (Kawasaki City, Kanagawa)	Large-scale renovations	From September 2023 to February 2024	58,608	–	–
Castalia Sakae (Nagoya City, Aichi)	Large-scale renovations	From September 2023 to March 2024	61,490	–	–
Castalia Higashi Hie (Fukuoka City, Fukuoka)	Intercom renewal	From July 2023 to September 2023	19,140	–	–
Castalia Yakuin (Fukuoka City, Fukuoka)	Intercom renewal	From July 2023 to September 2023	17,600	–	–
ACROSSMALL Shinkamagaya (Kamagaya City, Chiba)	Replacement of HVAC (first phase)	From November 2023 to January 2024	127,490	–	–
	Exterior wall painting (second phase)	From September 2023 to March 2024	151,800	–	–
	Replacement of outdoor-air handling units	From April 2024 to April 2024	68,090	–	–
	Replacement of central monitor device	From June 2024 to August 2024	57,530	–	–
FOLEO Otsu Ichiriyama (Otsu City, Shiga)	Replacement of fire alarm monitor and disaster response monitor	From January 2024 to July 2024	93,500	–	–

### (2) Capital Expenditures during the Period

For owned properties (real estate, real estate in trust, etc.), an overview of major construction work conducted during the current fiscal period that falls into DHR's capital expenditures is as follows: Capital expenditures during the current fiscal period were ¥1,467,558 thousand together with ¥1,177,408 thousand in repairs and maintenance expenses and ¥258,696 thousand in restoration costs classified as expenses for the current fiscal period, making a total of ¥2,903,662 thousand in construction work.

Property name (Location)	Purpose	Period	Construction cost (Yen in thousands)
Castalia Ginza (Chuo Ward, Tokyo)	Large-scale renovations	From March 2023 to August 2023	37,089
Castalia Hiroo (Minato Ward, Tokyo)	Large-scale renovations	From March 2023 to August 2023	43,109
Castalia Asakusabashi (Taito Ward, Tokyo)	Large-scale renovations	From December 2022 to April 2023	25,147
Castalia Yoga (Setagaya Ward, Tokyo)	Large-scale renovations	From April 2023 to August 2023	15,380
Castalia Kuramae (Taito Ward, Tokyo)	Large-scale renovations	From April 2023 to August 2023	39,497
Castalia Meguro Chojyamaru (Shinagawa Ward, Tokyo)	Large-scale renovations	From April 2023 to August 2023	58,882
Castalia Ichikawa (Ichikawa City, Chiba)	Intercom renewal	From May 2023 to May 2023	4,841
Castalia Kotodaikoen (Sendai City, Miyagi)	Large-scale renovations	From April 2023 to August 2023	33,568
QiZ GATE URAWA (Saitama City, Saitama)	Repair work of rooftop waterproofing	From May 2023 to July 2023	66,644
FOLEO Hakata (Fukuoka City, Fukuoka)	Large-scale repair work of exterior walls (second phase)	From March 2023 to August 2023	96,899

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

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

Operating period	(Yen in thousands)				
	31st period From March 1, 2021 to August 31, 2021	32nd period From September 1, 2021 to February 28, 2022	33rd period From March 1, 2022 to August 31, 2022	34th period From September 1, 2022 to February 28, 2023	35th period From March 1, 2023 to August 31, 2023
Balance of reserves at the beginning of period	1,492,515	1,506,595	1,520,675	1,534,755	1,548,835
Amount of reserves during period	14,080	14,080	14,080	14,080	14,080
Amount of reversal of reserves during period	–	–	–	–	–
Reserves carried forward	1,506,595	1,520,675	1,534,755	1,548,835	1,562,915



## 5. Expenses and Liabilities

### (1) Expenses Incurred in Connection with Management of Assets

Item	(Yen in thousands)	
	34th period From September 1, 2022 to February 28, 2023	35th period From March 1, 2023 to August 31, 2023
Asset management fees (Note)	1,908,944	1,916,817
Asset custody fees	38,362	38,349
Administrative service fees	94,036	93,730
Directors' remuneration	6,660	6,720
Other expenses	435,118	458,395
<b>Total</b>	<b>2,483,121</b>	<b>2,514,013</b>

(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 ¥15,580 thousand and a management fee for disposition of properties of ¥5,005 thousand for the 35th period.

### (2) Debt Financing

The status of loans per financial institution as of August 31, 2023 is as follows:

Classification	Borrowing date	Balance at the beginning of period (Yen in thousands)	Balance at the end of period (Yen in thousands)	Average interest rate (Note 1)	Repayment date	Method of repayment	Use	Note
Sumitomo Mitsui Trust Bank, Limited	March 27, 2013	2,000,000	–	1.50% (Note 2)	March 27, 2023	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
Sumitomo Mitsui Banking Corporation		1,000,000	–					
MUFG Bank, Ltd.	November 30, 2015	1,000,000	–	0.71% (Note 2)	May 31, 2023	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
Sumitomo Mitsui Trust Bank, Limited		1,000,000	–					
Mizuho Bank, Ltd.		1,000,000	–					
Sumitomo Mitsui Banking Corporation		1,700,000	–					
MUFG Bank, Ltd.		2,700,000	–					
Sumitomo Mitsui Trust Bank, Limited	September 30, 2016	1,700,000	–	0.41% (Note 3)	March 31, 2023	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
Mizuho Bank, Ltd.		1,700,000	–					
Aozora Bank, Ltd.		1,500,000	–					
Resona Bank, Limited		800,000	–					
SBI Shinsei Bank, Limited		300,000	–					
Mitsui Sumitomo Insurance Company, Limited	March 27, 2018	1,000,000	–	0.44% (Note 3)	March 31, 2023	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
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		1,000,000	1,000,000					
Sumitomo Mitsui Trust Bank, Limited	April 1, 2015	1,000,000	1,000,000	0.99% (Note 2)	October 2, 2023	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
Mizuho Bank, Ltd.		1,000,000	1,000,000					
Resona Bank, Limited		1,000,000	1,000,000					
Mizuho Bank, Ltd.		4,000,000	4,000,000					
Sumitomo Mitsui Trust Bank, Limited	March 31, 2017	4,000,000	4,000,000	0.57% (Note 3)	September 29, 2023	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
MUFG Bank, Ltd.		1,000,000	1,000,000					
Mizuho Trust & Banking Co., Ltd.		1,000,000	1,000,000					
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
Sumitomo Mitsui Trust Bank, Limited		900,000	900,000					
MUFG Bank, Ltd.		1,900,000	1,900,000					
Sumitomo Mitsui Banking Corporation	March 31, 2020	900,000	900,000	0.26%	September 29, 2023	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
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					
SBI Shinsei Bank, Limited		300,000	300,000					

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						
Sumitomo Mitsui Banking Corporation	April 1, 2014	-	1,000,000	1.52% (Note 2)	April 1, 2024	Bullet repayment	(Note 4)	Unsecured and non-guaranteed						
MUFG Bank, Ltd.		-	1,000,000											
Sumitomo Mitsui Trust Bank, Limited		-	500,000											
Development Bank of Japan Inc.		-	500,000											
MUFG Bank, Ltd.		-	2,800,000											
Sumitomo Mitsui Trust Bank, Limited		-	1,800,000											
Sumitomo Mitsui Banking Corporation	September 30, 2016	-	1,800,000	0.48% (Note 3)	March 29, 2024	Bullet repayment	(Note 5)	Unsecured and non-guaranteed						
Mizuho Bank, Ltd.		-	1,800,000											
Aozora Bank, Ltd.		-	1,500,000											
Resona Bank, Limited		-	900,000											
SBI Shinsei Bank, Limited		-	400,000											
Mitsui Sumitomo Insurance Company, Limited	March 9, 2017	-	1,000,000	0.55% (Note 3)	March 29, 2024	Bullet repayment	(Note 7)	Unsecured and non-guaranteed						
Sumitomo Mitsui Trust Bank, Limited		-	500,000											
Sumitomo Mitsui Banking Corporation	April 10, 2018	-	1,500,000	0.52% (Note 3)	April 30, 2024	Bullet repayment	(Note 4)	Unsecured and non-guaranteed						
Mizuho Bank, Ltd.		-	1,000,000											
Aozora Bank, Ltd.		-	500,000											
The Norinchukin Bank		-	500,000											
SBI Shinsei Bank, Limited		-	500,000											
Shinkin Central Bank		-	500,000											
Subtotal		-	42,100,000						44,700,000	-	-	-	-	-
Sumitomo Mitsui Banking Corporation		April 1, 2014	1,000,000						-	1.52% (Note 2)	April 1, 2024	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
MUFG Bank, Ltd.	1,000,000		-											
Sumitomo Mitsui Trust Bank, Limited	500,000		-											
Development Bank of Japan Inc.	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.	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 Banking Corporation		1,000,000	1,000,000											
MUFG Bank, Ltd.		1,000,000	1,000,000											
Mizuho Bank, Ltd.		1,000,000	1,000,000											
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.		1,500,000	1,500,000											

Current portion of long-term loans

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
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		1,000,000	1,000,000					
MUFG Bank, Ltd.	November 30, 2015	1,000,000	1,000,000	0.97% (Note 2)	May 30, 2025	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
Sumitomo Mitsui Trust Bank, Limited		1,000,000	1,000,000					
Mizuho Bank, Ltd.		1,000,000	1,000,000					
Sumitomo Mitsui Banking Corporation	November 30, 2015	1,000,000	1,000,000	1.09% (Note 2)	May 29, 2026	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
MUFG Bank, Ltd.		1,000,000	1,000,000					
Sumitomo Mitsui Trust Bank, Limited		1,000,000	1,000,000					
Mizuho Bank, Ltd.		1,000,000	1,000,000					
Sumitomo Mitsui Banking Corporation	September 28, 2016	1,500,000	1,500,000	0.63% (Note 3)	September 29, 2025	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
Sumitomo Mitsui Trust Bank, Limited		1,500,000	1,500,000					
MUFG Bank, Ltd.		2,000,000	2,000,000					
Mizuho Bank, Ltd.		1,500,000	1,500,000					
Resona Bank, Limited		500,000	500,000					
Mizuho Trust & Banking Co., Ltd.	September 28, 2016	500,000	500,000	0.69% (Note 3)	September 28, 2026	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
SBI Shinsei Bank, Limited		500,000	500,000					
Shinkin Central Bank		500,000	500,000					
The Bank of Fukuoka, Ltd.		500,000	500,000					
Development Bank of Japan Inc.	September 28, 2016	1,000,000	1,000,000	0.48% (Note 3)	March 29, 2024	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
MUFG Bank, Ltd.		2,800,000	-					
Sumitomo Mitsui Trust Bank, Limited		1,800,000	-					
Sumitomo Mitsui Banking Corporation		1,800,000	-					
Mizuho Bank, Ltd.		1,800,000	-					
Aozora Bank, Ltd.		1,500,000	-					
Resona Bank, Limited		900,000	-					
SBI Shinsei Bank, Limited		400,000	-					
Sumitomo Mitsui Banking Corporation	November 29, 2016	3,000,000	3,000,000	0.87% (Note 3)	November 30, 2026	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
Mizuho Bank, Ltd.		3,000,000	3,000,000					
MUFG Bank, Ltd.		5,000,000	5,000,000					
Sumitomo Mitsui Trust Bank, Limited		3,000,000	3,000,000					
Resona Bank, Limited	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	-	0.55% (Note 3)	March 29, 2024	Bullet repayment	(Note 7)	Unsecured and non-guaranteed
Development Bank of Japan Inc.		2,000,000	2,000,000					

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
Sumitomo Mitsui Banking Corporation		4,000,000	4,000,000					
Aozora Bank, Ltd.	March 31, 2017	2,500,000	2,500,000	0.70% (Note 3)	March 31, 2025	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
Shinkin Central Bank		2,000,000	2,000,000					
MUFG Bank, Ltd.		1,500,000	1,500,000					
Resona Bank, Limited		1,000,000	1,000,000					
Sumitomo Mitsui Banking Corporation		1,800,000	1,800,000					
MUFG Bank, Ltd.		2,200,000	2,200,000					
Mizuho Bank, Ltd.		1,200,000	1,200,000					
Resona Bank, Limited	April 11, 2017	1,100,000	1,100,000	0.76% (Note 3)	April 30, 2026	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
Mizuho Trust & Banking Co., Ltd.		1,000,000	1,000,000					
SBI Shinsei Bank, Limited		1,000,000	1,000,000					
The Bank of Fukuoka, Ltd.		1,000,000	1,000,000					
Sumitomo Mitsui Trust Bank, Limited		700,000	700,000					
Sumitomo Mitsui Banking Corporation		2,100,000	2,100,000					
MUFG Bank, Ltd.		3,700,000	3,700,000					
Sumitomo Mitsui Trust Bank, Limited	April 11, 2017	1,800,000	1,800,000	1.02% (Note 3)	April 28, 2028	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
Mizuho Bank, Ltd.		1,800,000	1,800,000					
Mizuho Trust & Banking Co., Ltd.		600,000	600,000					
Sumitomo Mitsui Trust Bank, Limited		3,400,000	3,400,000					
Sumitomo Mitsui Banking Corporation	July 31, 2017	3,400,000	3,400,000	0.89% (Note 3)	July 30, 2027	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
Mizuho Bank, Ltd.		3,400,000	3,400,000					
MUFG Bank, Ltd.		1,900,000	1,900,000					
Sumitomo Mitsui Banking Corporation		2,500,000	2,500,000					
MUFG Bank, Ltd.		2,000,000	2,000,000					
Development Bank of Japan Inc.		3,000,000	3,000,000					
Sumitomo Mitsui Trust Bank, Limited	November 29, 2017	2,500,000	2,500,000	0.90% (Note 3)	November 30, 2027	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
Mizuho Bank, Ltd.		2,500,000	2,500,000					
The 77 Bank, Ltd.		1,000,000	1,000,000					
The Nishi-Nippon City Bank, Ltd.		1,000,000	1,000,000					
The Iyo Bank, Ltd.		500,000	500,000					
The Bank of Kyoto, Ltd.		500,000	500,000					
The Chugoku Bank, Limited		500,000	500,000					
MUFG Bank, Ltd.	March 27, 2018	1,500,000	1,500,000	0.75% (Note 3)	September 30, 2027	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
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

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
Sumitomo Mitsui Trust Bank, Limited		500,000	–					
Sumitomo Mitsui Banking Corporation		1,500,000	–					
Mizuho Bank, Ltd.	April 10, 2018	1,000,000	–	0.52% (Note 3)	April 30, 2024	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
Aozora Bank, Ltd.		500,000	–					
The Norinchukin Bank		500,000	–					
SBI Shinsei Bank, Limited		500,000	–					
Shinkin Central Bank		500,000	–					
Sumitomo Mitsui Trust Bank, Limited		500,000	500,000					
Sumitomo Mitsui Banking Corporation		1,500,000	1,500,000					
Mizuho Bank, Ltd.		500,000	500,000					
Aozora Bank, Ltd.	April 10, 2018	500,000	500,000	0.60% (Note 3)	April 30, 2025	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
The Norinchukin Bank		500,000	500,000					
Resona Bank, Limited		500,000	500,000					
SBI Shinsei Bank, Limited		500,000	500,000					
Shinkin Central Bank		500,000	500,000					
Sumitomo Mitsui Trust Bank, Limited		3,000,000	3,000,000					
Sumitomo Mitsui Banking Corporation	April 10, 2018	3,000,000	3,000,000	0.89% (Note 3)	April 28, 2028	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
Mizuho Bank, Ltd.		2,500,000	2,500,000					
Mizuho Trust & Banking Co., Ltd.		1,000,000	1,000,000					
Resona Bank, Limited		500,000	500,000					
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		1,100,000	1,100,000					
Sumitomo Mitsui Trust Bank, Limited	December 7, 2018	1,100,000	1,100,000	0.88% (Note 3)	December 29, 2028	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
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		2,200,000	2,200,000					
Aozora Bank, Ltd.		1,500,000	1,500,000					
The Norinchukin Bank		1,100,000	1,100,000					
Sumitomo Mitsui Banking Corporation	March 29, 2019	700,000	700,000	0.43% (Note 3)	September 30, 2025	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
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

Long-term loans

Classification	Borrowing date	Balance at the beginning of period (Yen in thousands)	Balance at the end of period (Yen in thousands)	Average interest rate (Note 1)	Repayment date	Method of repayment	Use	Note
Lender								
Development Bank of Japan Inc.	April 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		1,000,000	1,000,000					
The Norinchukin Bank		1,100,000	1,100,000					
Sumitomo Mitsui Trust Bank, Limited		1,000,000	1,000,000					
SBI Shinsei Bank, Limited		1,000,000	1,000,000					
Shinkin Central Bank	April 10, 2019	1,000,000	1,000,000	0.39% (Note 3)	October 31, 2024	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
The Bank of Fukuoka, Ltd.		500,000	500,000					
The Chiba Bank, Ltd.		500,000	500,000					
The 77 Bank, Ltd.		500,000	500,000					
The Nishi-Nippon City Bank, Ltd.		500,000	500,000					
The Iyo Bank, Ltd.		500,000	500,000					
The Chugoku Bank, Limited		500,000	500,000					
Sumitomo Mitsui Banking Corporation		2,500,000	2,500,000					
Mizuho Bank, Ltd.		2,700,000	2,700,000					
Sumitomo Mitsui Trust Bank, Limited	April 10, 2019	2,500,000	2,500,000	0.75% (Note 2)	April 27, 2029	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
Resona Bank, Limited		1,000,000	1,000,000					
Mizuho Trust & Banking Co., Ltd.		1,000,000	1,000,000					
MUFG Bank, Ltd.		700,000	700,000					
Sumitomo Mitsui Banking Corporation		2,000,000	2,000,000					
Sumitomo Mitsui Trust Bank, Limited	November 29, 2019	2,000,000	2,000,000	0.66% (Note 2)	November 30, 2029	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
MUFG Bank, Ltd.		2,000,000	2,000,000					
Mizuho Bank, Ltd.		2,000,000	2,000,000					
Development Bank of Japan Inc.		2,000,000	2,000,000					
Development Bank of Japan Inc.	January 31, 2020	1,500,000	1,500,000	0.59% (Note 3)	January 31, 2029	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
Sumitomo Mitsui Banking Corporation		1,000,000	1,000,000					
Aozora Bank, Ltd.		2,400,000	2,400,000					
Sumitomo Mitsui Trust Bank, Limited	January 31, 2020	1,000,000	1,000,000	0.46% (Note 3)	July 30, 2027	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
MUFG Bank, Ltd.		1,000,000	1,000,000					
Mizuho Bank, Ltd.		1,000,000	1,000,000					
The Norinchukin Bank		1,000,000	1,000,000					
Mizuho Trust & Banking Co., Ltd.		500,000	500,000					
The Yamaguchi Bank, Ltd.		500,000	500,000					
Sumitomo Mitsui Banking Corporation		2,200,000	2,200,000					
Sumitomo Mitsui Trust Bank, Limited	January 31, 2020	3,400,000	3,400,000	0.61% (Note 2)	January 31, 2030	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
Mizuho Trust & Banking Co., Ltd.		1,300,000	1,300,000					
MUFG Bank, Ltd.		1,200,000	1,200,000					
Mizuho Bank, Ltd.		900,000	900,000					

Long-term loans

Classification	Borrowing date	Balance at the beginning of period (Yen in thousands)	Balance at the end of period (Yen in thousands)	Average interest rate (Note 1)	Repayment date	Method of repayment	Use	Note
Lender								
Mitsui Sumitomo Insurance Company, Limited	April 1, 2020	1,000,000	1,000,000	0.40% (Note 3)	April 30, 2026	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
Sumitomo Mitsui Trust Bank, Limited		500,000	500,000					
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	April 3, 2020	600,000	600,000	0.35% (Note 3)	October 31, 2024	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
Sumitomo Mitsui Banking Corporation		500,000	500,000					
MUFG Bank, Ltd.		500,000	500,000					
Mizuho Bank, Ltd.		500,000	500,000					
The Chiba Bank, Ltd.		500,000	500,000					
The 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		500,000	500,000					
Resona Bank, Limited		1,000,000	1,000,000					
Sumitomo Mitsui Banking Corporation		500,000	500,000					
MUFG Bank, Ltd.	April 3, 2020	500,000	500,000	0.51% (Note 2)	April 27, 2029	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
Mizuho Bank, Ltd.		500,000	500,000					
SBI Shinsei Bank, Limited		500,000	500,000					
Shinkin Central Bank		500,000	500,000					
The Bank of Fukuoka, Ltd.		500,000	500,000					
The Nishi-Nippon City Bank, Ltd.		500,000	500,000					
MUFG Bank, Ltd.		2,000,000	2,000,000					
Sumitomo Mitsui Trust Bank, Limited		2,000,000	2,000,000					
Sumitomo Mitsui Banking Corporation	April 3, 2020	2,000,000	2,000,000	0.62% (Note 2)	April 30, 2030	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
Mizuho Bank, Ltd.		2,000,000	2,000,000					
Mizuho Trust & Banking Co., Ltd.		1,000,000	1,000,000					
The Bank of Kyoto, Ltd.		500,000	500,000					
The Yamanashi Chuo Bank, Ltd.		500,000	500,000					
The Dai-ichi Life Insurance Company, Limited	September 30, 2020	1,000,000	1,000,000	0.44% (Note 3)	March 31, 2026	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
SBI Shinsei Bank, Limited	September 30, 2020	1,000,000	1,000,000	0.46% (Note 3)	September 30, 2027	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
The Norinchukin Bank	January 29, 2021	3,500,000	3,500,000	0.37% (Note 3)	January 31, 2028	Bullet repayment	(Note 5)	Unsecured and non-guaranteed

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
Sumitomo Mitsui Banking Corporation		500,000	500,000					
Sumitomo Mitsui Trust Bank, Limited	April 1, 2021	500,000	500,000	0.70% (Note 3)	April 1, 2031	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
MUFG Bank, Ltd.		1,000,000	1,000,000					
Mizuho Bank, Ltd.		1,000,000	1,000,000					
Sumitomo Mitsui Banking Corporation		1,200,000	1,200,000					
Sumitomo Mitsui Trust Bank, Limited	April 30, 2021	600,000	600,000	0.28% (Note 3)	September 30, 2026	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
Mizuho Bank, Ltd.		600,000	600,000					
MUFG Bank, Ltd.		600,000	600,000					
The Norinchukin Bank		1,500,000	1,500,000					
Nippon Life Insurance Company		1,000,000	1,000,000					
Sumitomo Mitsui Banking Corporation		1,000,000	1,000,000					
Sumitomo Mitsui Trust Bank, Limited		1,000,000	1,000,000					
MUFG Bank, Ltd.		1,000,000	1,000,000					
Mizuho Bank, Ltd.		1,000,000	1,000,000					
Development Bank of Japan Inc.		1,000,000	1,000,000					
Mizuho Trust & Banking Co., Ltd.	September 3, 2021	1,000,000	1,000,000	0.56% (Note 3)	August 29, 2031	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
SBI Shinsei Bank, Limited		1,000,000	1,000,000					
The Yamanashi Chuo Bank, Ltd.		1,000,000	1,000,000					
Kansai Mirai Bank, Limited		1,000,000	1,000,000					
Shinkin Central Bank		500,000	500,000					
The Bank of Kyoto, Ltd.		500,000	500,000					
The Yamaguchi Bank, Ltd.		500,000	500,000					
The Dai-ichi Life Insurance Company, Limited	September 3, 2021	1,000,000	1,000,000	0.80% (Note 3)	August 31, 2033	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
Sumitomo Mitsui Trust Bank, Limited		500,000	500,000					
Sumitomo Mitsui Banking Corporation	October 1, 2021	500,000	500,000	0.28% (Note 3)	March 31, 2026	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
MUFG Bank, Ltd.		500,000	500,000					
Mizuho Bank, Ltd.		500,000	500,000					
The Chiba Bank, Ltd.		500,000	500,000					
The 77 Bank, Ltd.		500,000	500,000					
MUFG Bank, Ltd.		1,000,000	1,000,000					
Mizuho Bank, Ltd.		1,000,000	1,000,000					
The Norinchukin Bank		1,500,000	1,500,000					
Sumitomo Mitsui Trust Bank, Limited		1,000,000	1,000,000					
Sumitomo Mitsui Banking Corporation	October 1, 2021	1,000,000	1,000,000	0.37% (Note 3)	September 29, 2028	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
Development Bank of Japan Inc.		1,000,000	1,000,000					
Aozora Bank, Ltd.		1,000,000	1,000,000					
Resona Bank, Limited		1,000,000	1,000,000					
The Nishi-Nippon City Bank, Ltd.		1,000,000	1,000,000					
The Keiyo 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
Sumitomo Mitsui Banking Corporation		1,000,000	1,000,000					
Sumitomo Mitsui Trust Bank, Limited	November 30, 2021	1,000,000	1,000,000	0.45% (Note 3)	May 31, 2029	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
MUFG Bank, Ltd.		3,000,000	3,000,000					
Mizuho Bank, Ltd.		1,000,000	1,000,000					
Resona Bank, Limited		1,000,000	1,000,000					
Sumitomo Mitsui Banking Corporation		900,000	900,000					
The Norinchukin Bank		1,600,000	1,600,000					
Sumitomo Mitsui Trust Bank, Limited		1,550,000	1,550,000					
Aozora Bank, Ltd.	January 31, 2022	1,100,000	1,100,000	0.42% (Note 3)	July 31, 2028	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
Mizuho Bank, Ltd.		700,000	700,000					
MUFG Bank, Ltd.		500,000	500,000					
Mizuho Trust & Banking Co., Ltd.		400,000	400,000					
The Chiba Bank, Ltd.		100,000	100,000					
Sumitomo Mitsui Banking Corporation		1,000,000	1,000,000					
MUFG Bank, Ltd.	April 1, 2022	1,000,000	1,000,000	0.90% (Note 3)	March 31, 2032	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
Mizuho Bank, Ltd.		1,000,000	1,000,000					
Sumitomo Mitsui Trust Bank, Limited		500,000	500,000					
Sumitomo Mitsui Trust Bank, Limited		1,950,000	1,950,000					
Sumitomo Mitsui Banking Corporation		1,300,000	1,300,000					
The Norinchukin Bank		1,600,000	1,600,000					
Mizuho Bank, Ltd.		1,150,000	1,150,000					
Aozora Bank, Ltd.	April 28, 2022	1,100,000	1,100,000	0.80% (Note 3)	October 31, 2030	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
MUFG Bank, Ltd.		1,050,000	1,050,000					
Mizuho Trust & Banking Co., Ltd.		500,000	500,000					
Nippon Life Insurance Company		500,000	500,000					
Development Bank of Japan Inc.		400,000	400,000					
The Shizuoka Bank, Ltd.		250,000	250,000					
The Chiba Bank, Ltd.		200,000	200,000					
Sumitomo Mitsui Trust Bank, Limited		1,000,000	1,000,000					
Sumitomo Mitsui Banking Corporation		1,000,000	1,000,000					
Mizuho Bank, Ltd.		500,000	500,000					
The Shizuoka Bank, Ltd.		500,000	500,000					
The Chiba Bank, Ltd.		500,000	500,000					
The Bank of Fukuoka, Ltd.	April 28, 2022	500,000	500,000	0.75% (Note 3)	April 30, 2030	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
The Nishi-Nippon City Bank, Ltd.		500,000	500,000					
The 77 Bank, Ltd.		500,000	500,000					
The Chugoku Bank, Limited		500,000	500,000					
The Iyo Bank, Ltd.		500,000	500,000					
The Yamaguchi Bank, Ltd.		250,000	250,000					
The Keiyo Bank, Ltd.		250,000	250,000					

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
Long-term loans	September 9, 2022	1,000,000	1,000,000	0.51% (Note 3)	January 29, 2027	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	1,000,000	1,000,000					
	September 28, 2022	1,000,000	1,000,000	0.96% (Note 3)	September 30, 2031	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
	Sumitomo Mitsui Banking Corporation	1,000,000	1,000,000					
	MUFG Bank, Ltd.	1,000,000	1,000,000					
	Mizuho Bank, Ltd.	1,000,000	1,000,000					
	October 3, 2022	1,000,000	1,000,000	0.87% (Note 3)	September 30, 2030	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
	Sumitomo Mitsui Banking Corporation	1,000,000	1,000,000					
	Mizuho Bank, Ltd.	1,000,000	1,000,000					
	The Norinchukin Bank	1,000,000	1,000,000					
	December 28, 2022	1,300,000	1,300,000	1.26% (Note 3)	December 26, 2031	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
	Sumitomo Mitsui Banking Corporation	1,300,000	1,300,000					
	MUFG Bank, Ltd.	2,700,000	2,700,000					
	Resona Bank, Limited	1,400,000	1,400,000					
	Sumitomo Mitsui Trust Bank, Limited	1,300,000	1,300,000					
	Mizuho Bank, Ltd.	1,300,000	1,300,000					
	SBI Shinsei Bank, Limited	500,000	500,000					
	March 27, 2023	-	2,000,000	0.80% (Note 3)	March 29, 2030	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited	-	2,000,000					
	March 31, 2023	-	1,700,000	0.99% (Note 3)	September 30, 2031	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
Sumitomo Mitsui Banking Corporation	-	1,700,000						
MUFG Bank, Ltd.	-	2,700,000						
Sumitomo Mitsui Trust Bank, Limited	-	1,700,000						
Mizuho Bank, Ltd.	-	1,700,000						
Aozora Bank, Ltd.	-	1,500,000						
Resona Bank, Limited	-	800,000						
SBI Shinsei Bank, Limited	-	300,000						
March 31, 2023	-	1,000,000	0.62% (Note 3)	September 29, 2028	Bullet repayment	(Note 5)	Unsecured and non-guaranteed	
Mitsui Sumitomo Insurance Company, Limited	-	1,000,000						
Sumitomo Mitsui Banking Corporation	-	1,000,000						
May 31, 2023	-	1,000,000	1.03% (Note 3)	May 31, 2032	Bullet repayment	(Note 5)	Unsecured and non-guaranteed	
Mizuho Bank, Ltd.	-	1,000,000						
MUFG Bank, Ltd.	-	1,000,000						
Sumitomo Mitsui Trust Bank, Limited	-	1,000,000						
Subtotal	-	321,450,000	318,850,000	-	-	-	-	-
Total	-	363,550,000	363,550,000	-	-	-	-	-

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

(3) Investment Corporation Bonds

The status of investment corporation bonds issued as of August 31, 2023 is as follows:

Issue name	Issue date	Balance at the beginning of period (Yen in thousands)	Balance at the end of period (Yen in thousands)	Interest rate	Maturity	Method of redemption	Use	Note
Daiwa House REIT Investment Corporation 1st Unsecured Investment Corporation Bonds (Note 1)	December 24, 2014	2,000,000	2,000,000	0.826%	December 24, 2024	Bullet repayment	(Note 2)	Unsecured
Daiwa House Residential Investment Corporation 3rd Unsecured Investment Corporation Bonds (Note 1)	January 22, 2015	3,000,000	3,000,000	0.67%	January 22, 2025	Bullet repayment	(Note 3)	Unsecured
Daiwa House REIT Investment Corporation 6th Unsecured Investment Corporation Bonds (Note 1)	December 20, 2016	4,000,000	4,000,000	0.57%	December 18, 2026	Bullet repayment	(Note 2)	Unsecured
Daiwa House REIT Investment Corporation 7th Unsecured Investment Corporation Bonds (Note 1)	July 30, 2018	2,000,000	2,000,000	0.69%	July 30, 2030	Bullet repayment	(Note 2)	Unsecured
Daiwa House REIT Investment Corporation 8th Unsecured Investment Corporation Bonds (Note 1)	July 30, 2018	1,000,000	1,000,000	1.03%	July 30, 2038	Bullet repayment	(Note 2)	Unsecured
Daiwa House REIT Investment Corporation 9th Unsecured Investment Corporation Bonds (Note 1) (Green Bonds)	November 25, 2019	6,000,000	6,000,000	0.53%	November 22, 2029	Bullet repayment	(Note 4)	Unsecured
Daiwa House REIT Investment Corporation 10th Unsecured Investment Corporation Bonds (Note 1) (Green Bonds)	May 27, 2020	2,400,000	2,400,000	0.34%	May 27, 2025	Bullet repayment	(Note 4)	Unsecured
Daiwa House REIT Investment Corporation 11th Unsecured Investment Corporation Bonds (Note 1) (Green Bonds)	May 27, 2020	1,600,000	1,600,000	0.64%	May 27, 2030	Bullet repayment	(Note 4)	Unsecured
Daiwa House REIT Investment Corporation 12th Unsecured Investment Corporation Bonds (Note 1) (Green Bonds)	May 27, 2020	1,000,000	1,000,000	1.00%	May 25, 2040	Bullet repayment	(Note 4)	Unsecured
Daiwa House REIT Investment Corporation 13th Unsecured Investment Corporation Bonds (Note 1)	December 24, 2020	3,000,000	3,000,000	0.60%	December 24, 2032	Bullet repayment	(Note 5)	Unsecured
Daiwa House REIT Investment Corporation 14th Unsecured Investment Corporation Bonds (Note 1) (Green Bonds)	April 15, 2021	4,000,000	4,000,000	0.50%	April 15, 2031	Bullet repayment	(Note 4)	Unsecured
Daiwa House REIT Investment Corporation 15th Unsecured Investment Corporation Bonds (Note 1) (Sustainability Bonds)	November 17, 2021	3,000,000	3,000,000	0.40%	November 17, 2031	Bullet repayment	(Note 6)	Unsecured
Daiwa House REIT Investment Corporation 16th Unsecured Investment Corporation Bonds (Note 1) (Sustainability Bonds)	November 17, 2021	1,000,000	1,000,000	0.66%	November 17, 2036	Bullet repayment	(Note 6)	Unsecured
Daiwa House REIT Investment Corporation 17th Unsecured Investment Corporation Bonds (Note 1)	December 16, 2021	4,000,000	4,000,000	0.24%	December 16, 2027	Bullet repayment	(Note 5)	Unsecured

Issue name	Issue date	Balance at the beginning of period (Yen in thousands)	Balance at the end of period (Yen in thousands)	Interest rate	Maturity	Method of redemption	Use	Note
Daiwa House REIT Investment Corporation 18th Unsecured Investment Corporation Bonds (Note 1) (Sustainability-Linked Bonds) (Note 7)	May 25, 2022	4,000,000	4,000,000	0.55% (Note 8)	May 25, 2029	Bullet repayment	(Note 2)	Unsecured
Daiwa House REIT Investment Corporation 19th Unsecured Investment Corporation Bonds (Note 1)	December 19, 2022	2,000,000	2,000,000	0.77%	June 18, 2032	Bullet repayment	(Note 2)	Unsecured
<b>Total</b>	<b>-</b>	<b>44,000,000</b>	<b>44,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

(Notes) 1. The bonds have pari passu conditions among specified investment corporation bonds.  
 2. To be used for repayment of existing loans.  
 3. To be used for redemption of rehabilitation obligations (investment corporation bonds) and repayment of rehabilitation obligations (loans).  
 4. To be used for a part of the funds for the repayment of existing loans associated with "eligible green assets."  
 5. To be used for redemption of investment corporation bonds.  
 6. To be used for a part of the funds for the repayment of existing loans associated with "eligible sustainability assets."  
 7. A sustainability-linked bond is a bond whose terms vary depending on whether or not it meets a pre-defined Sustainability Performance Target (SPT).  
 8. The interest rate (per annum) from the following day of May 25, 2022 to May 25, 2023 is 0.575%. From the day after May 25, 2023 onward, the interest rate, which is determined annually depending on the achieved level of the SPT on each reference date, will be applied.

**(4) Short-Term Investment Corporation Bonds**

Not applicable.

**(5) Unit Acquisition Rights**

Not applicable.

**▶ 6. Status of Acquisition and Disposition during the Period**

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

Property name	Acquisition		Disposition		Gain or loss on sale (Yen in millions) (Note 2)
	Date of acquisition	Acquisition price (Yen in millions) (Note 1)	Date of disposition	Disposition price (Yen in millions) (Note 1)	
MIMARU Tokyo Akasaka	March 23, 2023	3,116	-	-	-
Castalia Meieki Minami	-	-	March 30, 2023	1,001	614
<b>Total</b>		<b>3,116</b>		<b>1,001</b>	<b>614</b>

(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	MIMARU Tokyo Akasaka	March 23, 2023	Trust beneficiary interests in real estate	3,116	3,330	The Tanizawa Sōgō Appraisal Co., Ltd.	February 28, 2023
Disposition	Castalia Meieki Minami	March 30, 2023	Trust beneficiary interests in real estate	1,001	1,010	JLL Morii Valuation & Advisory K.K.	February 28, 2023

(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.**

**i) Status of Transactions**

Not applicable for purchase and sale transactions, etc. with interested parties, etc.<sup>(Note)</sup> for the 35th period.

**ii) Amount of Fees Paid**

Classification	Total amount paid (A) (Yen in thousands)	Breakdown of transactions with interested parties, etc. (Note)		Rate to total amount paid (B/A) (%)
		Payment recipient	Amount paid (B) (Yen in thousands)	
Management fees	1,559,184	Daiwa Living Co., Ltd.	569,211	36.5
		Daiwa House Realty Mgt. Co., Ltd.	328,509	21.1
		Daiwa House Property Management Co., Ltd.	320,165	20.5
		Daiwa LifeNext Co., Ltd.	34,343	2.2
		Daiwa Lease Co., Ltd.	3,332	0.2
		Cosmos Initia Co., Ltd.	722	0.0
Repairs and maintenance expenses	1,177,408	Daiwa Living Co., Ltd.	505,691	42.9
		Daiwa House Property Management Co., Ltd.	298,257	25.3
		Daiwa House Realty Mgt. Co., Ltd.	182,513	15.5
		Daiwa Lease Co., Ltd.	6,377	0.5
Restoration costs	258,696	Daiwa LifeNext Co., Ltd.	5,230	0.4
		Daiwa Living Co., Ltd.	189,409	73.2
		Daiwa Living Co., Ltd.	84,816	38.0
Other rental expenses	223,112	Daiwa House Property Management Co., Ltd.	25,702	11.5
		Daiwa House Realty Mgt. Co., Ltd.	16,300	7.3
		Daiwa House Industry Co., Ltd.	103	0.0
		Daiwa LifeNext Co., Ltd.	28	0.0
		Daiwa Lease Co., Ltd.	15	0.0

(Note) "Interested parties, etc." are interested parties, etc., of the Asset Manager with which DHR has concluded an asset management agreement as provided in Article 201, paragraph 1 of the Investment Trust Act, Article 123 of the Order for Enforcement of the Investment Trust Act, Article 244-3 of Regulation for Enforcement of Investment Trust Act and Article 26, Item 27 of The Investment Trusts Association, Japan's Rules on Management Reports, etc., of Investment Trusts and Investment Corporations.

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

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



## 7. Accounting

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

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

Previous fiscal period information in the Balance Sheets, Statements of Income and Retained Earnings, Statements of Changes in Net Assets, Notes to Financial Statements and Distribution Information is for reference only and is not subject to audit by the Accounting Auditor under Article 130 of the Investment Trust Act for the current fiscal period.

Also, since the Statements of Cash Flows are not subject to audit by an independent auditor under Article 130 of the Investment Trust Act, they are not audited by the Accounting Auditor.

### (2) Changes in Method to Calculate Depreciation Expenses

Not applicable.

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

Not applicable.

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

Not applicable.

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

Not applicable.

## 8. Other

### (1) Notice

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

Date of the Board of Directors meeting	Item	Description
August 31, 2023	Conclusion of underwriting agreement for secondary offering	Concerning the secondary offering of investment units, DHR's board of directors resolved to conclude an underwriting agreement for the secondary offering, 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 the Japanese offering with the relevant work for soliciting subscribers for the 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, 2023 and August 31, 2023

	As of	
	February 28, 2023	August 31, 2023
	(Yen in thousands)	
<b>Assets</b>		
Current assets:		
Cash and bank deposits (Note 3)	¥53,464,475	¥54,878,088
Operating accounts receivable	281,261	285,942
Prepaid expenses	729,739	723,576
Other current assets	11,372	4,416
Allowance for doubtful accounts	(1,454)	(602)
Total current assets	54,485,394	55,891,421
Investment properties (Notes 8 and 9)	840,813,493	839,686,634
Other assets:		
Goodwill (Note 7)	53,520,117	51,537,891
Leasehold rights in trust (Note 9)	5,735,397	5,687,984
Lease and guarantee deposits in trust	3,547,353	3,547,332
Guarantee deposits	99	99
Long-term prepaid expenses	2,302,615	2,195,416
Investment corporation bond issuance costs	207,624	190,867
Investment securities (Notes 4 and 5)	9,497	9,515
Trademark rights	144	127
Total other assets	65,322,850	63,169,234
<b>Total assets</b>	<b>¥960,621,737</b>	<b>¥958,747,290</b>

**Daiwa House REIT Investment Corporation**  
**BALANCE SHEETS**

As of February 28, 2023 and August 31, 2023

	As of	
	February 28, 2023	August 31, 2023
	(Yen in thousands)	
<b>Liabilities</b>		
Current liabilities:		
Operating accounts and other payable	¥1,937,580	¥2,121,874
Current portion of long-term loans (Notes 4, 6 and 16)	42,100,000	44,700,000
Accrued expenses	1,810,661	1,810,542
Accrued consumption taxes	484,068	493,337
Advances received	3,644,153	3,598,896
Unearned revenue	108,530	85,431
Deposits received	166,337	173,101
Derivative liabilities (Notes 4 and 6)	16,678	15,363
Other	67,520	67,520
Total current liabilities	50,335,530	53,066,067
Non-current liabilities:		
Investment corporation bonds (Notes 4 and 15)	44,000,000	44,000,000
Long-term loans (Notes 4, 6 and 16)	321,450,000	318,850,000
Long-term unearned revenue	127,789	90,560
Tenant leasehold and security deposits	332,205	331,684
Tenant leasehold and security deposits in trust	23,526,583	23,432,886
Asset retirement obligations (Note 12)	683,696	690,200
Derivative liabilities (Notes 4 and 6)	116,006	112,293
Total non-current liabilities	390,236,281	387,507,625
<b>Total liabilities</b>	440,571,812	440,573,692
<b>Net assets</b> (Notes 13 and 14)		
Unitholders' equity:		
Unitholders' capital	268,042,601	268,042,601
Units authorized:		
8,000,000 units as of February 28, 2023 and August 31, 2023		
Units issued and outstanding:		
2,320,000 units as of February 28, 2023 and August 31, 2023		
Surplus		
Capital surplus	247,667,563	247,667,563
Deductions from capital surplus:		
Allowance for temporary difference adjustments	(6,879,284)	(8,723,684)
Other deductions from capital surplus	(44,080)	(44,080)
Total deductions from capital surplus	(6,923,364)	(8,767,764)
Capital surplus, net	240,744,199	238,899,799
Unappropriated retained earnings	11,395,808	11,358,853
Total surplus	252,140,008	250,258,653
Total unitholders' equity	520,182,609	518,301,254
Valuation and translation adjustments		
Deferred gains or losses on hedges (Note 6)	(132,684)	(127,656)
Total valuation and translation adjustments	(132,684)	(127,656)
<b>Total net assets</b>	520,049,925	518,173,597
<b>Total liabilities and net assets</b>	¥960,621,737	¥958,747,290

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, 2023 and August 31, 2023

	For the fiscal periods ended	
	February 28, 2023	August 31, 2023
	(Yen in thousands)	
<b>Operating revenues:</b>		
Rental revenues (Notes 10 and 11)	¥29,489,738	¥29,570,814
Gain on sale of investment properties (Notes 11 and 19)	—	349,963
Total operating revenues	29,489,738	29,920,778
<b>Operating expenses:</b>		
Rental expenses (Note 10)	12,283,588	12,509,714
Asset management fees	1,908,944	1,916,817
Asset custody fees	38,362	38,349
Administrative service fees	94,036	93,730
Directors' remuneration	6,660	6,720
Amortization of goodwill (Note 7)	1,982,226	1,982,226
Other operating expenses	435,118	458,395
Total operating expenses	16,748,936	17,005,954
<b>Operating income</b>	12,740,801	12,914,823
<b>Non-operating revenues:</b>		
Interest income	229	232
Reversal of allowance for doubtful accounts	103	784
Gain on forfeiture of unclaimed distributions	7,357	5,842
Gain on adjustment of liabilities	4,249	5,795
Gain on receipt of donated non-current assets	531	7,377
Other non-operating revenues	17	50
Total non-operating revenues	12,488	20,081
<b>Non-operating expenses:</b>		
Interest expense	1,176,845	1,248,815
Interest expense on investment corporation bonds	117,779	125,652
Amortization of investment corporation bond issuance costs	16,367	16,756
Borrowing related expenses	315,847	316,676
Other non-operating expenses	2,000	2,075
Total non-operating expenses	1,628,839	1,709,975
<b>Ordinary income</b>	11,124,451	11,224,929
<b>Income before income taxes</b>	11,124,451	11,224,929
Income taxes-current (Note 18)	605	605
<b>Net income</b>	¥11,123,846	¥11,224,324
<b>Retained earnings brought forward</b>	271,962	134,528
<b>Unappropriated retained earnings</b>	¥11,395,808	¥11,358,853

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, 2023 and August 31, 2023

	Unitholders' equity						
	Surplus						Capital surplus, net
	Capital surplus						
	Number of units issued and outstanding (Units)	Unitholders' capital	Capital surplus	Deductions from capital surplus			
Allowance for temporary difference adjustments				Other deductions from capital surplus	Total deductions from capital surplus		
	(Yen in thousands)						
<b>Balance as of August 31, 2022</b>	2,320,000	¥268,042,601	¥247,667,563	¥(5,039,524)	¥—	¥(5,039,524)	¥242,628,039
<b>Changes during the period:</b>							
Distribution in excess of earnings from allowance for temporary difference adjustments	—	—	—	(1,839,760)	—	(1,839,760)	(1,839,760)
Other distributions in excess of earnings	—	—	—	—	(44,080)	(44,080)	(44,080)
Distributions from surplus	—	—	—	—	—	—	—
Net income	—	—	—	—	—	—	—
Net changes of items other than changes of unitholders' equity	—	—	—	—	—	—	—
<b>Total changes during the period</b>	—	—	—	(1,839,760)	(44,080)	(1,883,840)	(1,883,840)
<b>Balance as of February 28, 2023</b>	2,320,000	¥268,042,601	¥247,667,563	¥(6,879,284)	¥(44,080)	¥(6,923,364)	¥240,744,199
<b>Changes during the period:</b>							
Distribution in excess of earnings from allowance for temporary difference adjustments	—	—	—	(1,844,400)	—	(1,844,400)	(1,844,400)
Distributions from surplus	—	—	—	—	—	—	—
Net income	—	—	—	—	—	—	—
Net changes of items other than changes of unitholders' equity	—	—	—	—	—	—	—
<b>Total changes during the period</b>	—	—	—	(1,844,400)	—	(1,844,400)	(1,844,400)
<b>Balance as of August 31, 2023</b>	2,320,000	¥268,042,601	¥247,667,563	¥(8,723,684)	¥(44,080)	¥(8,767,764)	¥238,899,799

### Daiwa House REIT Investment Corporation STATEMENTS OF CHANGES IN NET ASSETS

For the fiscal periods ended February 28, 2023 and August 31, 2023

	Unitholders' equity			Valuation and translation adjustments	Total net assets
	Surplus		Total unitholders' equity	Deferred gains or losses on hedges	
	Unappropriated retained earnings	Total surplus			
	(Yen in thousands)				
<b>Balance as of August 31, 2022</b>	¥11,419,562	¥254,047,602	¥522,090,203	¥(269,810)	¥521,820,392
<b>Changes during the period:</b>					
Distribution in excess of earnings from allowance for temporary difference adjustments	—	(1,839,760)	(1,839,760)	—	(1,839,760)
Other distributions in excess of earnings	—	(44,080)	(44,080)	—	(44,080)
Distributions from surplus	(11,147,600)	(11,147,600)	(11,147,600)	—	(11,147,600)
Net income	11,123,846	11,123,846	11,123,846	—	11,123,846
Net changes of items other than changes of unitholders' equity	—	—	—	137,126	137,126
<b>Total changes during the period</b>	(23,753)	(1,907,593)	(1,907,593)	137,126	(1,770,467)
<b>Balance as of February 28, 2023</b>	¥11,395,808	¥252,140,008	¥520,182,609	¥(132,684)	¥520,049,925
<b>Changes during the period:</b>					
Distribution in excess of earnings from allowance for temporary difference adjustments	—	(1,844,400)	(1,844,400)	—	(1,844,400)
Distributions from surplus	(11,261,280)	(11,261,280)	(11,261,280)	—	(11,261,280)
Net income	11,224,324	11,224,324	11,224,324	—	11,224,324
Net changes of items other than changes of unitholders' equity	—	—	—	5,027	5,027
<b>Total changes during the period</b>	(36,955)	(1,881,355)	(1,881,355)	5,027	(1,876,327)
<b>Balance as of August 31, 2023</b>	¥11,358,853	¥250,258,653	¥518,301,254	¥(127,656)	¥518,173,597

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, 2023 and August 31, 2023

	For the fiscal periods ended	
	February 28, 2023	August 31, 2023
	(Yen in thousands)	
<b>Cash flows from operating activities:</b>		
Income before income taxes	¥11,124,451	¥11,224,929
Depreciation and amortization	5,625,660	5,602,550
Amortization of goodwill	1,982,226	1,982,226
Amortization of investment corporation bond issuance costs	16,367	16,756
Amortization of trademark rights	16	16
Loss on retirement of non-current assets	35,780	17,521
Gain on receipt of donated non-current assets	—	(7,377)
Interest income	(229)	(232)
Interest expense	1,294,624	1,374,468
Decrease (increase) in operating accounts receivable	33,230	(4,680)
Decrease in prepaid expenses	1,909	6,163
Increase (decrease) in operating accounts and other payable	(114,042)	243,328
Increase (decrease) in accrued consumption taxes	(1,065,148)	9,269
Increase (decrease) in accrued expenses	(9,174)	3,290
Decrease in deposits received	(7,249)	(11,662)
Increase (decrease) in advances received	15,473	(45,256)
Decrease in long-term prepaid expenses	100,985	107,199
Decrease in allowance for doubtful accounts	(581)	(852)
Decrease in investment properties due to sale	—	614,941
Decrease in lease and guarantee deposits in trust	—	21
Other	15,487	10,346
Subtotal	19,049,789	21,142,968
Interest received	229	232
Interest paid	(1,365,904)	(1,438,207)
Income taxes paid	(611)	(605)
<b>Net cash provided by operating activities</b>	17,683,503	19,704,388
<b>Cash flows from investing activities:</b>		
Acquisition of investment properties	(1,177,482)	(5,124,463)
Proceeds from tenant leasehold and security deposits	20,122	30,638
Repayment of tenant leasehold and security deposits	(15,950)	(21,108)
Proceeds from tenant leasehold and security deposits in trust	481,660	442,979
Repayment of tenant leasehold and security deposits in trust	(514,611)	(519,120)
<b>Net cash used in investing activities</b>	(1,206,261)	(5,191,075)
<b>Cash flows from financing activities:</b>		
Proceeds from long-term loans	16,500,000	17,400,000
Repayment of long-term loans	(18,500,000)	(17,400,000)
Proceeds from issuance of investment corporation bonds	1,985,220	—
Distribution payment	(13,028,161)	(13,099,699)
<b>Net cash used in financing activities</b>	(13,042,940)	(13,099,699)
<b>Net increase in cash and cash equivalents</b>	3,434,301	1,413,612
<b>Cash and cash equivalents at beginning of the period</b>	50,030,174	53,464,475
<b>Cash and cash equivalents at end of the period (Note 3)</b>	¥53,464,475	¥54,878,088

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, 2023 and August 31, 2023

### Note 1 – Organization and Basis of Presentation

#### Organization

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

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

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

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

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

As of August 31, 2023, DHR’s portfolio included 230 properties at a total acquisition price of ¥897.5 billion.

#### Basis of Presentation

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

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

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

amounts.

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

## Note 2 – Summary of Significant Accounting Policies

### (a) Cash and Cash Equivalents

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

### (b) Investment Properties

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

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

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

### (c) Intangible Assets

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

	Years
Goodwill	20

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

### (d) Investment Corporation Bond Issuance Costs

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

### (e) Investment Securities

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

### (f) Revenue Recognition

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

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

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

#### (1) Sale of investment properties

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

#### (2) Utilities expenses reimbursements (incidental revenue)

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

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

### (g) Taxes on Property and Equipment

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

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

### (h) Income Taxes

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

### (i) Allowance for Doubtful Accounts

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

### (j) Non-Deductible Consumption Taxes

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

**(k) Trust Beneficiary Interests**

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

**(l) Derivatives and Hedge Accounting**

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

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

**Note 3 – Cash and Cash Equivalents**

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

	As of	
	February 28, 2023	August 31, 2023
	(Yen in thousands)	
Cash and bank deposits	¥53,464,475	¥54,878,088
Cash and cash equivalents	¥53,464,475	¥54,878,088

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

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

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

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

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

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

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

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

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

*Supplemental explanation concerning fair value of financial instruments*

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

**(b) Estimated Fair Value of Financial Instruments**

Book value on the balance sheet, fair value and the difference as of February 28, 2023 and August 31, 2023 are as shown below. The disclosure for “Cash and bank deposits” is omitted since their fair value approximates their book value due to short maturity. The disclosure for “Tenant leasehold and security deposits” and “Tenant leasehold and security deposits in trust” is also omitted due to immateriality.

	As of					
	February 28, 2023			August 31, 2023		
	(Yen in thousands)					
<b>Assets</b>	<b>Book value</b>	<b>Fair value</b>	<b>Difference</b>	<b>Book value</b>	<b>Fair value</b>	<b>Difference</b>
(1) Investment securities:						
Held-to-maturity bonds	¥9,497	¥8,536	¥(961)	¥9,515	¥8,625	¥(890)
<b>Total</b>	¥9,497	¥8,536	¥(961)	¥9,515	¥8,625	¥(890)
<b>Liabilities</b>						
(2) Current portion of long-term loans	42,100,000	42,139,285	39,285	44,700,000	44,739,987	39,987
(3) Investment corporation bonds	44,000,000	42,772,675	(1,227,324)	44,000,000	42,891,631	(1,108,368)
(4) Long-term loans	321,450,000	321,660,216	210,216	318,850,000	320,048,555	1,198,555
<b>Total</b>	¥407,550,000	¥406,572,177	¥(977,822)	¥407,550,000	¥407,680,173	¥130,173
(5) Derivatives (*)	¥(132,684)	¥(132,684)	¥—	¥(127,656)	¥(127,656)	¥—

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

## Notes:

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

**Assets:**

(1) Investment securities

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



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

**Liabilities:**

## (2) Current portion of long-term loans and (4) Long-term loans

For long-term loans with floating interest rates, their fair value is approximately equal to their book value. Thus, the book value is used as the fair value. However, for those which are hedged by interest rate swaps meeting hedge accounting criteria, DHR employs a method to calculate the fair value by discounting the total of the principal and interest accounted for under the special accounting treatment for interest rate swaps by an interest rate assumed to be applied if similar types of loans are entered into.

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

## (3) Investment corporation bonds

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

## (5) Derivatives

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

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

	Due within one year	Due after one to two years	Due after two to three years	Due after three to four years	Due after four to five years	Due after five years
<b>As of February 28, 2023</b>						
	(Yen in thousands)					
Investment securities	¥—	¥—	¥—	¥—	¥—	¥10,000
<b>Total</b>	¥—	¥—	¥—	¥—	¥—	¥10,000
<b>As of August 31, 2023</b>						
	(Yen in thousands)					
Investment securities	¥—	¥—	¥—	¥—	¥—	¥10,000
<b>Total</b>	¥—	¥—	¥—	¥—	¥—	¥10,000

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

	Due within one year	Due after one to two years	Due after two to three years	Due after three to four years	Due after four to five years	Due after five years
<b>As of February 28, 2023</b>						
	(Yen in thousands)					
Investment corporation bonds	¥—	¥5,000,000	¥2,400,000	¥4,000,000	¥4,000,000	¥28,600,000
Long-term loans (*)	42,100,000	35,100,000	44,600,000	47,500,000	46,500,000	147,750,000
<b>Total</b>	¥42,100,000	¥40,100,000	¥47,000,000	¥51,500,000	¥50,500,000	¥176,350,000

<b>As of August 31, 2023</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)					
Investment corporation bonds	¥—	¥7,400,000	¥—	¥4,000,000	¥4,000,000	¥28,600,000
Long-term loans (*)	44,700,000	35,100,000	49,100,000	47,500,000	50,350,000	136,800,000
<b>Total</b>	¥44,700,000	¥42,500,000	¥49,100,000	¥51,500,000	¥54,350,000	¥165,400,000

(\*) The figures above include the current portion.

**Note 5 – Investment Securities**

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

Book value on the balance sheet, fair value and the difference as of February 28, 2023 and August 31, 2023 are as follows:

	As of					
	February 28, 2023			August 31, 2023		
	Book value	Fair value	Difference	Book value	Fair value	Difference
	(Yen in thousands)					
Fair value exceeding the book value						
Held-to-maturity bonds:						
Government bonds	¥—	¥—	¥—	¥—	¥—	¥—
Fair value not exceeding the book value						
Held-to-maturity bonds:						
Government bonds	9,497	8,536	(961)	9,515	8,625	(890)
<b>Total</b>	¥9,497	¥8,536	¥(961)	¥9,515	¥8,625	¥(890)

**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:

Type of derivative transaction	Hedged item	As of					
		February 28, 2023			August 31, 2023		
		(Yen in thousands)					
		Contract amount		Fair value	Contract amount		Fair value
Total	Due after one year	Total	Due after one year				
<b>Principle method</b>							
Interest-rate swap	Long-term loan	¥27,000,000	¥17,000,000	¥(132,684) (Note 1)	¥21,000,000	¥14,000,000	¥(127,656) (Note 1)
Receive floating/ Pay fixed							
<b>Special treatment for interest-rate swaps</b>							
Interest-rate swap	Long-term loan	44,400,000	44,400,000	(Note 2)	44,400,000	44,400,000	(Note 2)
Receive floating/ Pay fixed							
<b>Total</b>		<b>¥71,400,000</b>	<b>¥61,400,000</b>	<b>¥(132,684)</b>	<b>¥65,400,000</b>	<b>¥58,400,000</b>	<b>¥(127,656)</b>

Notes:

- Fair value is quoted by counterparties based on the prevailing market interest rates.
- 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, 2023 and August 31, 2023, the unamortized balances of goodwill from the Merger were ¥53,520,117 thousand and ¥51,537,891 thousand, respectively.

**Note 8 – Investment Properties**

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

	As of					
	February 28, 2023			August 31, 2023		
	(Yen in thousands)					
	Acquisition cost	Accumulated depreciation	Net	Acquisition cost	Accumulated depreciation	Net
<b>Property and equipment:</b>						
Land	¥21,711,324	¥—	¥21,711,324	¥21,711,324	¥—	¥21,711,324
Buildings	26,001,521	6,460,002	19,541,519	26,155,926	6,720,639	19,435,287
Structures	263,667	62,288	201,378	265,497	65,048	200,448
Machinery and equipment	484,253	214,501	269,752	486,908	224,959	261,949
Tools, furniture and fixtures	881,294	572,360	308,933	896,802	600,532	296,269
<b>Property and equipment in trust:</b>						
Land	421,990,449	—	421,990,449	424,330,713	—	424,330,713
Buildings	432,623,303	66,118,041	366,505,261	433,676,121	70,795,455	362,880,666
Structures	10,182,640	2,112,985	8,069,655	10,245,541	2,310,272	7,935,268
Machinery and equipment	2,649,669	1,470,540	1,179,129	2,677,580	1,541,923	1,135,656
Tools, furniture and fixtures	2,162,410	1,130,901	1,031,508	2,299,467	1,254,355	1,045,112
Construction in progress	4,580	—	4,580	453,937	—	453,937
<b>Total</b>	<b>¥918,955,116</b>	<b>¥78,141,623</b>	<b>¥840,813,493</b>	<b>¥923,199,820</b>	<b>¥83,513,186</b>	<b>¥839,686,634</b>

Note:

The main reasons for changes in property and equipment in trust in the fiscal period ended August 31, 2023 are as follows:

- Increase due to acquisition of property and equipment in trust
 

Buildings, etc.	¥532,393 thousand
Land	¥2,617,517 thousand
- Decrease due to sale of property and equipment in trust
 

Buildings, etc.	¥494,393 thousand
Land	¥277,253 thousand

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.

For the period ended August 31, 2023, DHR received an insurance payment for emergency responses and restoration work costs associated with a power outage. The insurance proceeds were mainly allocated for the acquisition cost of certain property and equipment. The corresponding book value was reduced by the deductible amount allowable within the limit for the reduction entry from the acquisition cost. The amount of the reduction of the book value was recorded as rental expenses under operating expenses.

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, 2023	August 31, 2023
	(Yen in thousands)	
Buildings in trust	¥17,328	¥23,413

### 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, 2023	August 31, 2023
	(Yen in thousands)	
<b>Book value:</b>		
Balance at beginning of the period	¥850,815,655	¥846,548,890
Net change during the period	(4,266,764)	(1,174,271)
Balance at end of the period	¥846,548,890	¥845,374,619
<b>Fair value at end of the period</b>	¥1,065,580,000	¥1,085,829,000

Notes:

- The book value above includes leasehold rights in trust of ¥5,735,397 thousand and ¥5,687,984 thousand as of February 28, 2023 and August 31, 2023, respectively.
- For the period ended February 28, 2023, the decrease is mainly due to depreciation. For the period ended August 31, 2023, the increase is mainly due to the acquisition of MIMARU Tokyo Akasaka (¥3,149,910 thousand), while the decrease is mainly attributable to the sale of Castalia Meieki Minami (¥614,941 thousand) and depreciation.
- The fair value at end of the period represents the value assessed by third-party real estate appraisers.

### Note 10 – Rental Revenues and Expenses

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

	For the fiscal periods ended	
	February 28, 2023	August 31, 2023
	(Yen in thousands)	
<b>Rental revenues:</b>		
Rental revenues	¥27,603,668	¥27,644,645
Common area charges	564,179	562,679
Subtotal	28,167,848	28,207,324
Other revenues related to property leasing:		
Facility charges	482,648	479,529
Incidental revenues	571,765	562,263
Other revenues	267,476	321,696
Subtotal	1,321,890	1,363,489
Total rental revenues	¥29,489,738	¥29,570,814
<b>Rental expenses:</b>		
Management fees	¥1,493,274	¥1,559,184
Utilities	698,672	635,792
Taxes and public dues	2,395,903	2,422,910
Repairs	1,021,773	1,177,408
Restoration costs	240,089	258,696
Insurance premiums	53,899	54,805
Custodian fees	61,602	67,738
Depreciation and amortization	5,625,660	5,602,550
Other operating expenses	692,711	730,626
Total rental expenses	¥12,283,588	¥12,509,714
<b>Operating income from property leasing activities</b>	¥17,206,150	¥17,061,100



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

	For the fiscal periods ended			
	February 28, 2023		August 31, 2023	
	(Yen in thousands)			
	Revenue from contracts with customers (Note 1)	Operating revenue from external customers	Revenue from contracts with customers (Note 1)	Operating revenue from external customers
Proceeds from sale of investment properties	¥—	¥—	¥1,001,000	¥349,963 (Note 2)
Utilities expenses reimbursements	554,109	554,109	544,220	544,220
Other	—	28,935,629	—	29,026,594
<b>Total</b>	<b>¥554,109</b>	<b>¥29,489,738</b>	<b>¥1,545,220</b>	<b>¥29,920,778</b>

## Notes:

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

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

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

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

## (1) Balance of contract assets and contract liabilities

	For the fiscal periods ended	
	February 28, 2023	August 31, 2023
	(Yen in thousands)	
Receivables arising from contracts with customers (Balance at beginning of the period)	¥242,637	¥231,488
Receivables arising from contracts with customers (Balance at end of the period)	231,488	235,342
Contract assets (Balance at beginning of the period)	—	—
Contract assets (Balance at end of the period)	—	—
Contract liabilities (Balance at beginning of the period)	—	—
Contract liabilities (Balance at end of the period)	—	—

## (2) Transaction price allocated to remaining performance obligations

Not applicable.

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

**Note 12 – Asset Retirement Obligations**

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

DHR estimates the useful life of applicable assets as the remaining period of the fixed-term land lease agreements (46 – 60 years), and uses 1.0 – 2.4% discount rates for the calculation of asset retirement obligations. For buildings containing asbestos, DHR estimates the useful life to be 35 years, and uses a 0.6% discount rate. Changes in asset retirement obligations for the periods ended February 28, 2023 and August 31, 2023 are as follows:

	For the fiscal periods ended	
	February 28, 2023	August 31, 2023
	(Yen in thousands)	
Balance at beginning of the period	¥677,259	¥683,696
Increase due to acquisitions of property and equipment	—	—
Accretion expense	6,436	6,503
Balance at end of the period	¥683,696	¥690,200

**Note 13 – Net Assets**

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

**Note 14 – Distribution Information**

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

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

For the distribution related to the fiscal period ended February 28, 2023, DHR determined the cash distribution amount of ¥13,105,680,000 (¥5,649 per unit) by totaling net income of ¥11,123,846,132 and the amount equivalent to goodwill amortization expenses of ¥1,982,226,586, adjusting the fractional parts of amounts less than ¥1 per investment unit. Of this cash distribution amount, ¥11,261,280,000 is distributed as distribution of earnings and ¥1,844,400,000 as distribution in excess of earnings from allowance for temporary difference adjustments.

For the distribution related to the fiscal period ended August 31, 2023, DHR determined the cash distribution amount of ¥13,091,760,000 (¥5,643 per unit) by totaling net income of ¥11,224,324,867 and the amount equivalent to goodwill amortization expenses of ¥1,982,226,586, subtracting ¥114,714,568 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, ¥11,231,120,000 is distributed as distribution of earnings and ¥1,860,640,000 as distribution in excess of earnings from allowance for temporary difference adjustments.

The changes in allowance for temporary difference adjustments are reflected on the balance sheet in the fiscal period that distributions are declared. Thus, as of February 28, 2023 and August 31, 2023, the balances of allowance for temporary differences are ¥6,879,284 thousand and ¥8,723,684 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, 2023		August 31, 2023	
	(Yen)			
	Total	Per unit	Total	Per unit
Unappropriated retained earnings	¥11,395,808,822		¥11,358,853,689	
Deduction from capital surplus:				
Allowance for temporary difference adjustments	1,844,400,000		1,860,640,000	
	¥13,240,208,822		¥13,219,493,689	
Cash distributions:				
Distribution of earnings	¥11,261,280,000	¥4,854	¥11,231,120,000	¥4,841
Distribution in excess of earnings from allowance for temporary difference adjustments	1,844,400,000	795	1,860,640,000	802
Total cash distributions	¥13,105,680,000	¥5,649	¥13,091,760,000	¥5,643
Retained earnings carried forward	¥134,528,822		¥127,733,689	

**Note 15 – Investment Corporation Bonds**

The following summarizes the status of the DHR’s unsecured investment corporation bonds with special pari passu conditions among specified investment corporation bonds as of February 28, 2023 and August 31, 2023. The bonds are to be repaid on a lump-sum basis on the maturity date.

Bond series	Issue date	Maturity date	Interest rate	As of	
				February 28, 2023	August 31, 2023
				(Yen in thousands)	
Daiwa House REIT Investment Corporation 1st Unsecured Bonds	December 24, 2014	December 24, 2024	0.826%	¥2,000,000	¥2,000,000
Daiwa House Residential Investment Corporation 3rd Unsecured Bonds	January 22, 2015	January 22, 2025	0.67	3,000,000	3,000,000
Daiwa House REIT Investment Corporation 6th Unsecured Bonds	December 20, 2016	December 18, 2026	0.57	4,000,000	4,000,000
Daiwa House REIT Investment Corporation 7th Unsecured Bonds	July 30, 2018	July 30, 2030	0.69	2,000,000	2,000,000
Daiwa House REIT Investment Corporation 8th Unsecured Bonds	July 30, 2018	July 30, 2038	1.03	1,000,000	1,000,000
Daiwa House REIT Investment Corporation 9th Unsecured Bonds (Green Bonds)	November 25, 2019	November 22, 2029	0.53	6,000,000	6,000,000

Bond series	Issue date	Maturity date	Interest rate	As of	
				February 28, 2023	August 31, 2023
Daiwa House REIT Investment Corporation 10th Unsecured Bonds (Green Bonds)	May 27, 2020	May 27, 2025	0.34	2,400,000	2,400,000
Daiwa House REIT Investment Corporation 11th Unsecured Bonds (Green Bonds)	May 27, 2020	May 27, 2030	0.64	1,600,000	1,600,000
Daiwa House REIT Investment Corporation 12th Unsecured Bonds (Green Bonds)	May 27, 2020	May 25, 2040	1.00	1,000,000	1,000,000
Daiwa House REIT Investment Corporation 13th Unsecured Bonds	December 24, 2020	December 24, 2032	0.60	3,000,000	3,000,000
Daiwa House REIT Investment Corporation 14th Unsecured Bonds (Green Bonds)	April 15, 2021	April 15, 2031	0.50	4,000,000	4,000,000
Daiwa House REIT Investment Corporation 15th Unsecured Bonds (Sustainability Bonds)	November 17, 2021	November 17, 2031	0.40	3,000,000	3,000,000
Daiwa House REIT Investment Corporation 16th Unsecured Bonds (Sustainability Bonds)	November 17, 2021	November 17, 2036	0.66	1,000,000	1,000,000
Daiwa House REIT Investment Corporation 17th Unsecured Bonds	December 16, 2021	December 16, 2027	0.24	4,000,000	4,000,000
Daiwa House REIT Investment Corporation 18th Unsecured Bonds (Sustainability-Linked Bonds) (Note 1)	May 25, 2022	May 25, 2029	0.55 (Note 2)	4,000,000	4,000,000
Daiwa House REIT Investment Corporation 19th Unsecured Bonds	December 19, 2022	June 18, 2032	0.77	2,000,000	2,000,000
<b>Total</b>				<b>¥44,000,000</b>	<b>¥44,000,000</b>

Notes:

- The “Sustainability-Linked Bonds” refer to the bonds whose terms may change depending on whether or not the predetermined SPT (Sustainability Performance Target) is achieved.
- The initial interest rate applicable from the following day of May 25, 2022 to May 25, 2023 is 0.575% per annum. After May 25, 2023, the interest rate, which is determined annually depending on the achieved level of the SPT

on each reference date, will be applied. The SPT is deemed to be achieved when DHR is certified as an “A-List” company, the highest rating under the CDP Climate Change Program. The first reference date is the last day of April 2023, and subsequent reference dates will be the last day of April of each year until the redemption date. The achievement of the SPT will be observed on the reference date every year, and the interest rate will be changed according to the degree of achievement of the SPT as follows:

CDP Score	Interest rate
A	0.55% per annum (Initial interest rate -2.5bp)
A-	0.585% per annum (Initial interest rate +1bp)
B / B- / C / C- / D / D- / F	0.60% per annum (Initial interest rate +2.5bp)

**Note 16 – Long-Term Loans**

Long-term loans consist of borrowings from financial institutions under loan agreements. None of the loans are secured by collateral or guaranteed. The following table summarizes long-term loans as of February 28, 2023 and August 31, 2023.

Due date	As of			
	February 28, 2023	Interest rate	August 31, 2023	Interest rate
	(Yen in thousands)		(Yen in thousands)	
<b>Long-term loans:</b>				
Floating-rate loan (*)	March 27, 2023	¥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	— —
Fixed-rate loan	March 31, 2023	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	— —
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	0.27	6,700,000 0.26
Fixed-rate loan	January 31, 2024	2,000,000	0.88	2,000,000 0.88
Floating-rate loan (*)	April 1, 2024	3,000,000	1.52	3,000,000 1.52
Fixed-rate loan	September 30, 2024	1,000,000	0.73	1,000,000 0.73
Fixed-rate loan	March 29, 2024	11,000,000	0.48	11,000,000 0.48
Fixed-rate loan	March 29, 2024	1,000,000	0.55	1,000,000 0.55
Fixed-rate loan	April 30, 2024	5,000,000	0.52	5,000,000 0.52
Fixed-rate loan	October 31, 2024	8,100,000	0.39	8,100,000 0.39
Fixed-rate loan	October 31, 2024	6,000,000	0.35	6,000,000 0.35
Floating-rate loan (*)	October 1, 2025	4,000,000	1.23	4,000,000 1.23
Fixed-rate loan	October 1, 2025	3,000,000	1.18	3,000,000 1.18
Floating-rate loan (*)	May 30, 2025	4,000,000	0.97	4,000,000 0.97
Fixed-rate loan	September 29, 2025	9,000,000	0.63	9,000,000 0.63
Fixed-rate loan	March 31, 2025	11,000,000	0.70	11,000,000 0.70
Fixed-rate loan	April 30, 2025	5,000,000	0.60	5,000,000 0.60
Fixed-rate loan	September 30, 2025	1,000,000	0.60	1,000,000 0.60
Fixed-rate loan	September 30, 2025	7,600,000	0.43	7,600,000 0.43



	Due date	As of			
		February 28, 2023		August 31, 2023	
		(Yen in thousands)	Interest rate	(Yen in thousands)	Interest rate
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	5,500,000	0.28
Fixed-rate loan	March 31, 2026	3,000,000	0.28	3,000,000	0.28
Fixed-rate loan	April 1, 2027	1,500,000	1.46	1,500,000	1.46
Fixed-rate loan	March 31, 2027	2,000,000	0.85	2,000,000	0.85
Fixed-rate loan	July 30, 2027	12,100,000	0.89	12,100,000	0.89
Fixed-rate loan	November 30, 2027	16,000,000	0.90	16,000,000	0.90
Fixed-rate loan	September 30, 2027	1,500,000	0.75	1,500,000	0.75
Fixed-rate loan	April 30, 2027	500,000	0.50	500,000	0.50
Fixed-rate loan	July 30, 2027	8,400,000	0.46	8,400,000	0.46
Fixed-rate loan	September 30, 2027	1,000,000	0.46	1,000,000	0.46
Fixed-rate loan	January 29, 2027	1,000,000	0.51	1,000,000	0.51
Fixed-rate loan	April 28, 2028	10,000,000	1.02	10,000,000	1.02
Fixed-rate loan	April 28, 2028	10,000,000	0.89	10,000,000	0.89
Fixed-rate loan	December 29, 2028	5,000,000	0.88	5,000,000	0.88
Fixed-rate loan	April 28, 2028	1,500,000	0.59	1,500,000	0.59
Fixed-rate loan	September 29, 2028	1,000,000	0.51	1,000,000	0.51
Fixed-rate loan	January 31, 2028	3,500,000	0.37	3,500,000	0.37
Fixed-rate loan	September 29, 2028	10,500,000	0.37	10,500,000	0.37
Fixed-rate loan	July 31, 2028	6,850,000	0.42	6,850,000	0.42
Fixed-rate loan	September 29, 2028	—	—	1,000,000	0.62
Floating-rate loan (*)	April 27, 2029	10,400,000	0.75	10,400,000	0.75
Floating-rate loan (*)	November 30, 2029	10,000,000	0.66	10,000,000	0.66
Fixed-rate loan	January 31, 2029	1,500,000	0.59	1,500,000	0.59
Floating-rate loan (*)	April 27, 2029	5,000,000	0.51	5,000,000	0.51
Fixed-rate loan	May 31, 2029	7,000,000	0.45	7,000,000	0.45
Floating-rate loan (*)	January 31, 2030	9,000,000	0.61	9,000,000	0.61
Floating-rate loan (*)	April 30, 2030	10,000,000	0.62	10,000,000	0.62
Fixed-rate loan	October 31, 2030	10,000,000	0.80	10,000,000	0.80
Fixed-rate loan	April 30, 2030	6,500,000	0.75	6,500,000	0.75
Fixed-rate loan	September 30, 2030	3,000,000	0.87	3,000,000	0.87
Fixed-rate loan	March 29, 2030	—	—	2,000,000	0.80
Fixed-rate loan	April 1, 2031	3,000,000	0.70	3,000,000	0.70
Fixed-rate loan	August 29, 2031	10,500,000	0.56	10,500,000	0.56

	Due date	As of			
		February 28, 2023		August 31, 2023	
		(Yen in thousands)	Interest rate	(Yen in thousands)	Interest rate
Fixed-rate loan	September 30, 2031	4,000,000	0.96	4,000,000	0.96
Fixed-rate loan	December 26, 2031	8,500,000	1.26	8,500,000	1.26
Fixed-rate loan	September 30, 2031	—	—	10,400,000	0.99
Fixed-rate loan	March 31, 2032	3,500,000	0.90	3,500,000	0.90
Fixed-rate loan	May 31, 2032	—	—	4,000,000	1.03
Fixed-rate loan	August 31, 2033	1,000,000	0.80	1,000,000	0.80
<b>Total long-term loans</b>		<b>363,550,000</b>		<b>363,550,000</b>	
Less: current portion		(42,100,000)		(44,700,000)	
<b>Long-term loans, less current portion</b>		<b>¥321,450,000</b>		<b>¥318,850,000</b>	

(\*) 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, 2023 and August 31, 2023 is disclosed in Note 4 – “Financial Instruments.”

DHR has entered into a commitment line agreement with four financial institutions in order to secure flexible and stable financing. The status of the commitment line agreement as of February 28, 2023 and August 31, 2023 is as follows:

	As of	
	February 28, 2023	August 31, 2023
	(Yen in thousands)	
Total amount of commitment line	¥25,000,000	¥25,000,000
Balance executed as loans	—	—
Unused line of credit	¥25,000,000	¥25,000,000

#### Note 17 – Lease Transactions

Future minimum lease revenues under existing non-cancelable operating leases as of February 28, 2023 and August 31, 2023 are as follows:

	As of	
	February 28, 2023	August 31, 2023
	(Yen in thousands)	
Due within one year	¥30,619,812	29,888,319
Due after one year	¥167,306,637	157,350,871
<b>Total</b>	<b>¥197,926,449</b>	<b>187,239,191</b>

**Note 18 – Deferred Income Taxes**

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

**(a) Significant Components of Deferred Tax Assets and Liabilities**

	As of	
	February 28, 2023	August 31, 2023
	(Yen in thousands)	
<b>Deferred tax assets:</b>		
Excess provision of allowance for doubtful accounts	¥457	¥189
Deferred interest income	74,346	55,366
Valuation difference at the time of merger (Land and buildings)	2,038,479	1,968,277
Asset retirement obligations	215,090	217,136
Deferred gains or losses on hedges	41,742	40,160
Amortization of fixed-term land lease rights	241,196	256,112
Other	8,874	8,292
Subtotal	2,620,187	2,545,536
Valuation reserve	(2,620,187)	(2,545,536)
<b>Total deferred tax assets</b>	—	—
<b>Deferred tax liabilities:</b>		
Valuation difference at the time of merger (Investment securities)	¥(578)	¥(558)
Valuation difference at the time of merger (Land and buildings)	(13,229,530)	(13,192,979)
Asset retirement costs	(175,943)	(175,927)
Subtotal	(13,406,053)	(13,369,465)
Valuation reserve	13,406,053	13,369,465
<b>Total deferred tax liabilities</b>	—	—
<b>Net deferred tax assets</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, 2023	August 31, 2023
Statutory tax rate	31.46%	31.46%
Adjustments:		
Tax-deductible cash distributions paid	(36.70)	(36.69)
Amortization of goodwill	5.61	5.56
Change in valuation reserve	(0.37)	(0.33)
Other	0.01	0.01
Effective tax rate	0.01%	0.01%

**Note 19 – Gain on Sale of Investment Properties**

For the period ended August 31, 2023, DHR sold one investment property and reported a gain as follows:

	For the fiscal period ended
	August 31, 2023
	(Yen in thousands)
Castalia Meieki Minami	
Proceeds from sale of investment properties	¥1,001,000
Cost of investment properties sold	614,941
Other sales expenses	36,095
Gain on sale of investment properties	¥349,963

For the period ended February 28, 2023, DHR did not sell any investment properties.

**Note 20 – Per Unit Information**

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

	For the fiscal periods ended	
	February 28, 2023	August 31, 2023
	(Yen)	
<b>Earnings per unit:</b>		
Net income per unit	¥4,794	¥4,838
Weighted average number of units outstanding (units)	2,320,000	2,320,000
	As of	
	February 28, 2023	August 31, 2023
	(Yen)	
<b>Net assets per unit</b>	¥224,159	¥223,350

Net income per unit is calculated by dividing net income by the weighted average number of investment units during the period. Net assets per unit are calculated by dividing net assets by the number of units outstanding at each

balance sheet date. Diluted earnings per unit are not disclosed since there were no diluted units.

### Note 21 – Related-Party Transactions

Related-party transactions for the periods ended February 28, 2023 and August 31, 2023 are as follows:

- (a) *Controlling Company and Major Corporate Investors* — None
- (b) *Affiliates* — None
- (c) *Transactions under Common Control* — None
- (d) *Directors and Major Individual Investors* — None

### Note 22 – Segment Information

#### (a) Segment Information

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

#### (b) Related Information

##### *Information about products and services*

Since operating revenues from external customers for a single segment of product and service account for over 90% of total operating revenues in DHR's statements of income and retained earnings for the periods ended February 28, 2023 and August 31, 2023, information about products and services has been omitted.

##### *Information about geographic areas*

#### (1) Operating revenues

Since operating revenues from external customers within Japan account for over 90% of total operating revenues in DHR's statements of income and retained earnings for the periods ended February 28, 2023 and August 31, 2023, 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, 2023 and August 31, 2023, are located within Japan, information about geographic areas on such investment properties has been omitted.

##### *Information about major customers*

Since there is not any customer accounting for 10% or more of total operating revenues in DHR's statements of income and retained earnings for the periods ended February 28, 2023 and August 31, 2023, information about major customers has been omitted.

### Note 23 – Subsequent Events

None to report.





### Independent Auditor's Report

The Board of Directors  
Daiwa House REIT Investment Corporation

#### The Audit of the Financial Statements

##### *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, 2023 and February 28, 2023, and the statements of income and retained earnings, changes in net assets, and cash flows for the six-month periods then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at August 31, 2023 and February 28, 2023, and its financial performance and its cash flows for the six-month periods then ended in accordance with accounting principles generally accepted in Japan.

##### *Basis for Opinion*

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

##### *Other Information*

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

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

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

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

We have nothing to report in this regard.



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

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

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

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

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

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

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

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

We communicate with the 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 the 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, actions taken to eliminate threats or safeguards applied.

**Fee-related Information**

The fees paid or payable to us and other EY Member Firms for the audits of the financial statements of the Company and other non-audit fees charged in the audit period to the Company are presented in paragraph (3) titled "Officers" in Section 2 "Overview of the Investment Corporation" included in the Semi-Annual Report for the six-month period ended August 31, 2023 of the Company.

**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 21, 2023

金子 秀 嗣

Shuji Kaneko  
Designated Engagement Partner  
Certified Public Accountant

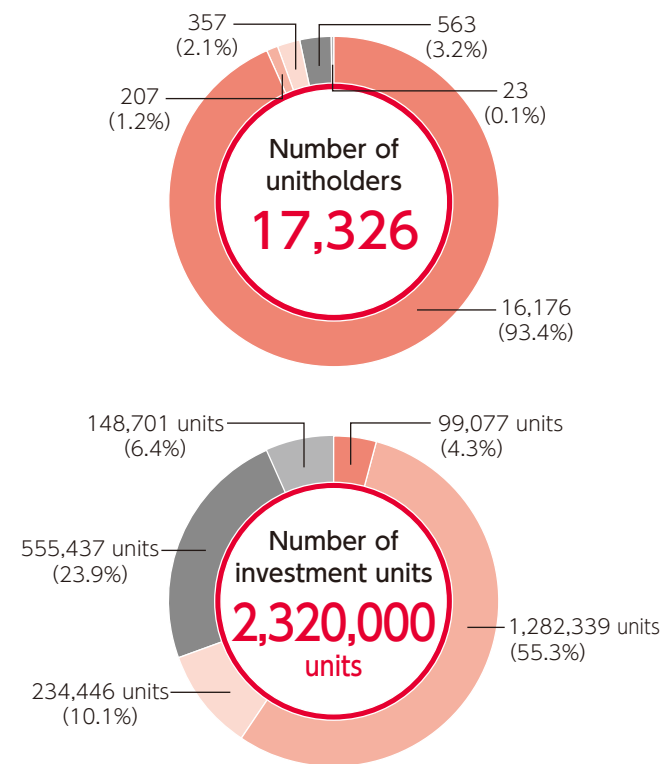
江 下 聖

Sei Eshita  
Designated Engagement Partner  
Certified Public Accountant

Investor Information

Unitholders Data (As of August 31, 2023)

Individuals / Other Financial institutions Other domestic corporations Foreign corporations and individuals Securities firms



(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%)

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.

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