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 **Daiwa House REIT Investment Corporation**

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# For the 36th Fiscal Period

## Semi-Annual Report

From September 1, 2023 to February 29, 2024



Securities Code | 8984

 **Daiwa House REIT Investment Corporation**

# Overview of the 36th Fiscal Period Ended February 29, 2024

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 36th fiscal period ended February 29, 2024.

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. As a result, DHR's portfolio as of the end of the current fiscal period consisted of 232 properties with an asset size of ¥905.7 billion (total acquisition price). Our occupancy rate at the end of the current fiscal period was 99.8%. In addition, DHR acquired one logistics property (acquisition price of approximately ¥30.0 billion) in March 2024, which falls in the following fiscal period.

Looking ahead, the Japanese economy, despite the current rise in prices, is expected to recover gradually due to factors that include recovery in personal consumption amid rising wages, solid capital investment, and growth in inbound tourism. Meanwhile, we must be aware of the future impact on economic activities from factors including trends in monetary policy by the Bank of Japan and other central banks in the world, the risk of economic recession in overseas economies, the trends of commercial real estate market in the United States, economic stagnation in China, and the 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.



**Tsuyoshi Saito**

Executive Director  
Daiwa House REIT Investment Corporation



**Koichi Tsuchida**

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

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# Financial Highlights

## Distributions

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

**36th Fiscal Period**

**¥5,711**

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

\*Distribution payments start date is May 13, 2024.

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

**37th period**

**¥5,750**

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

**38th period**

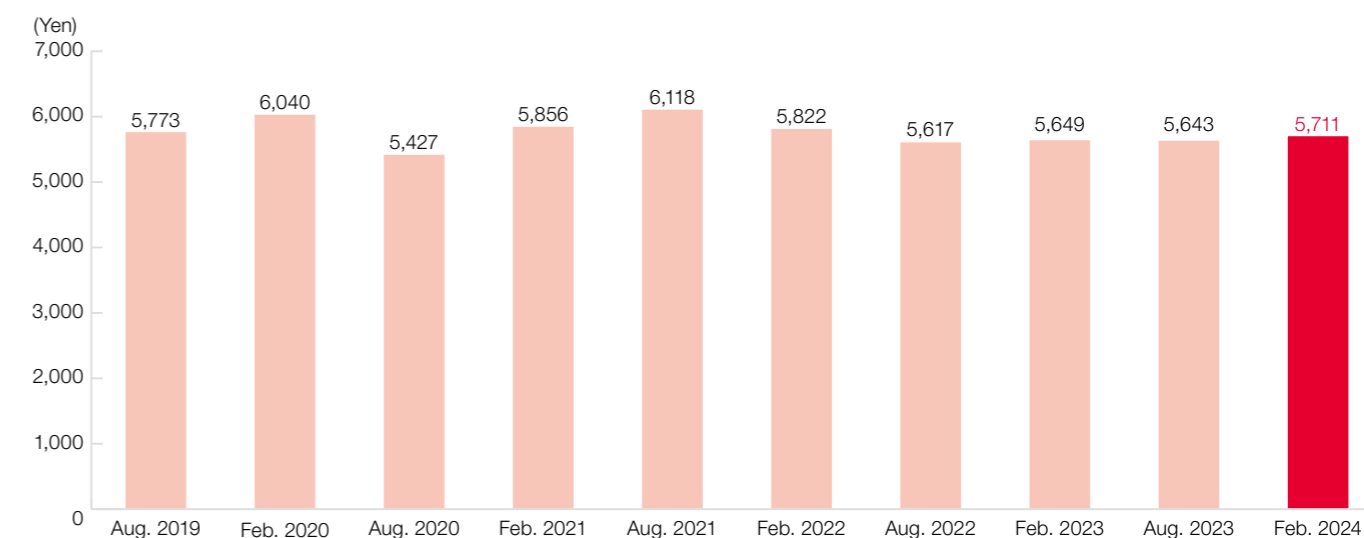
**¥6,300**

(From September 1, 2024 to February 28, 2025)

(Note 1) Distributions per unit for the fiscal period ended February 29, 2024 include distributions in excess of earnings of ¥1,220 (including return of capital of ¥23).

(Note 2) Forecast distributions per unit are as of April 16, 2024, and actual distributions per unit may vary from the forecast. These forecasts also 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 ¥497 (including return of capital of ¥62) for the fiscal period ending August 31, 2024 and ¥1,395 (including return of capital of ¥35) for the fiscal period ending February 28, 2025.

## Distributions per Unit



## Operating Results

	Fiscal period ended August 31, 2023	Fiscal period ended February 29, 2024
Operating revenues	¥29,920 million	¥29,643 million
Operating income	¥12,914 million	¥12,138 million
Net income	¥11,224 million	¥10,378 million

**Asset size**  
(acquisition price basis) **¥905.7 billion**

**Period-end occupancy rate** **99.8%**

**LTV**  
(excluding goodwill) **45.1%**

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

# Portfolio Highlights

## Summary

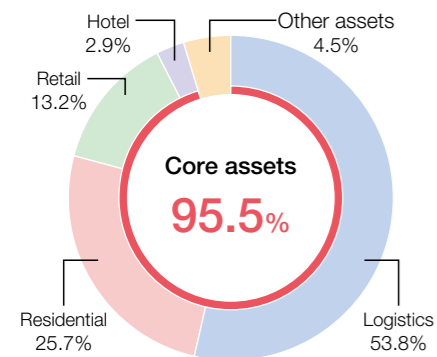
(As of March 1, 2024)

**Number of properties**  
**233 properties**

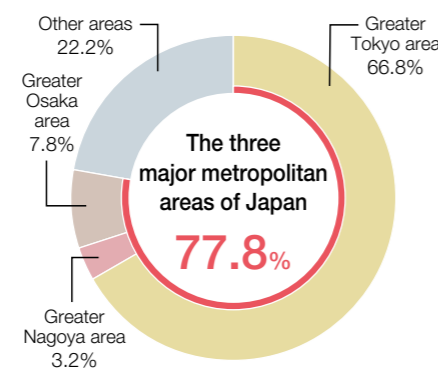
**Asset size** (acquisition price basis)  
**¥935.7 billion**

<b>Logistics</b> 68 properties ¥503.2 billion	<b>Residential</b> 129 properties ¥240.3 billion	<b>Retail</b> 23 properties ¥123.2 billion
<b>Hotel</b> 7 properties ¥27.3 billion	<b>Other assets</b> 6 properties ¥41.6 billion	

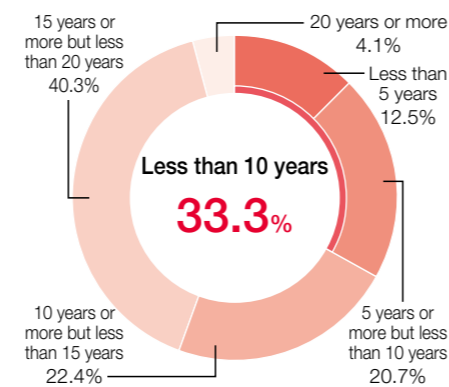
By asset class



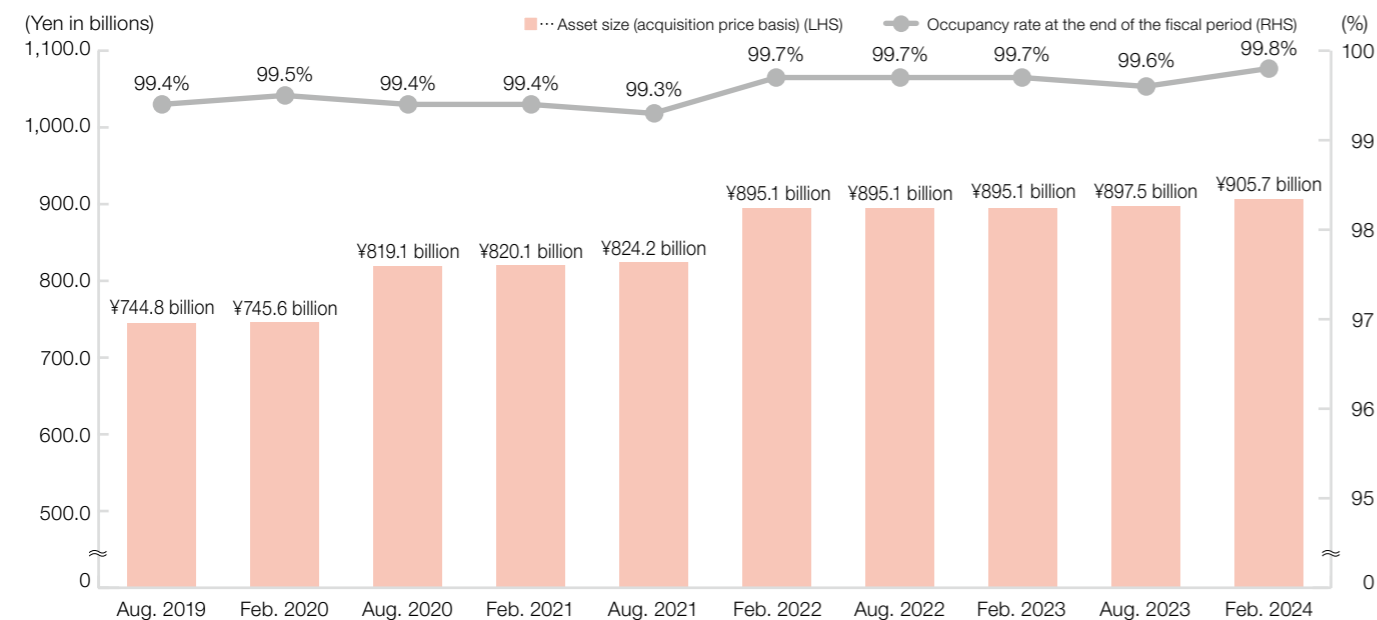
By area



By property age



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



# Initiatives to Pursue Growth

## Execution of Growth Strategy in Response to Changing Environment

- Execution of growth strategy in response to shifts in the financial environment and economic trends
- Promotion of property replacement to enhance internal growth and flexible execution of finance strategy with a focus on cost of capital

	External growth	Internal growth	Financial strategy
Past measures	<ul style="list-style-type: none"> <li>Expanded asset size to over ¥900.0 billion by aggressive property acquisitions in a low interest rate environment</li> <li>Carefully selected and acquired properties with focus on logistics properties, utilizing sponsor pipeline</li> </ul>	<ul style="list-style-type: none"> <li>Steadily increased rents mainly for residential properties</li> <li>Secured earnings even during the COVID-19 pandemic by long-term contract of BTS type logistics properties and fixed rent contract at retail and hotel properties</li> </ul>	<ul style="list-style-type: none"> <li>Raised funds for growth by timely capital increase through public offerings</li> <li>Lengthened and diversified debt maturities and fixed interest rates taking advantage of a low interest rate environment</li> </ul>
Current measures	<b>Portfolio restructuring</b> <ul style="list-style-type: none"> <li>Promote property replacement more proactively</li> <li>Acquire properties with internal growth potential ⇔ Sell properties with prospect for lower earnings</li> <li>Improve portfolio quality through initiatives for redevelopment and reconstruction</li> </ul>	<b>Strengthening internal growth</b> <ul style="list-style-type: none"> <li>Continue stable internal growth mainly for residential properties</li> <li>Pursue internal growth by increasing variable rent for hotel properties</li> <li>Implement strategic CAPEX and repairs</li> </ul>	<b>Finance strategy capturing changes in market environment</b> <ul style="list-style-type: none"> <li>Control financing costs in refinancing</li> <li>Control LTV appropriately</li> <li>Add on to distributions per unit (DPU) by utilizing gain on sale</li> <li>Repurchase own investment units</li> </ul>

**Property replacement with sponsor group**

Acquisition: Multi-tenant type logistics property in a prime location

Sale: Three BTS type logistics properties



Acquisition of quality property utilizing pipeline

Improvement of portfolio quality through rejuvenation of property age



**Repurchase of own investment units**

Total number of investment units that can be repurchased	14,000 units (maximum) (0.60% of total units issued)
Total amount of investment units to be repurchased	¥3,000 million (maximum)
Period of repurchase	From April 17, 2024 to July 12, 2024

## Initiatives to Pursue Growth

### Property replacement with sponsor group

- ✓ Acquired multi-tenant type logistics property in a prime location in the greater Tokyo area from the sponsor partially financed by green loans on favorable terms
- ✓ Selling three BTS type logistics properties (¥22.5 billion) to the fund set up by the sponsor group

### Acquisition DPL Urayasu III



Location	Urayasu City, Chiba
Construction date	September 9, 2022
Acquisition price	¥30,000 million
Appraisal value	¥31,100 million
Acquisition date	March 1, 2024
Appraisal NOI yield	3.5%
Forecast NOI yield <sup>(Note)</sup>	3.9%

(Note) Annualized NOI (adjusted for property taxes) in the forecast for the fiscal period ending August 31, 2024 divided by acquisition price

- Located approximately 3 km from Urayasu IC on Metropolitan Expressway Wangan Route, highly convenient for covering the entire greater Tokyo area
- Located in the main area of concentrated large-scale logistics facilities and factories where the property can operate 24 hours a day
- Highly versatile multi-tenant type property equipped with refrigerating facilities on the first floor
- Awarded environmental certifications of “5 Stars” for BELS and “A” rating for CASBEE for Buildings (New Construction)

- Financed green loans of ¥5.0 billion at lower spreads than before for the acquisition
- Financed short-term floating-rate loans of ¥10.0 billion to control LTV and financing costs

Lender	Amount (Yen in millions)	Term (Interest rate type)
Mizuho Bank, Ltd.	5,000	5.0 years (Fixed)
The Chiba Bank, Ltd.		
The Keiyo Bank, Ltd.		
The Yamaguchi Bank, Ltd.		
Kansai Mirai Bank, Limited		

Lender	Amount (Yen in millions)	Term (Interest rate type)
Sumitomo Mitsui Trust Bank, Limited	2,500	1.0 year (Floating)
Sumitomo Mitsui Banking Corporation	2,500	
MUFG Bank, Ltd.	2,500	
Mizuho Bank, Ltd.	2,500	
Mizuho Bank, Ltd.	2,500	

## Initiatives to Pursue Growth

### Sale Sale of three BTS type logistics properties

D Project Tomisato



D Project Kaminokawa



D Project Kuki II

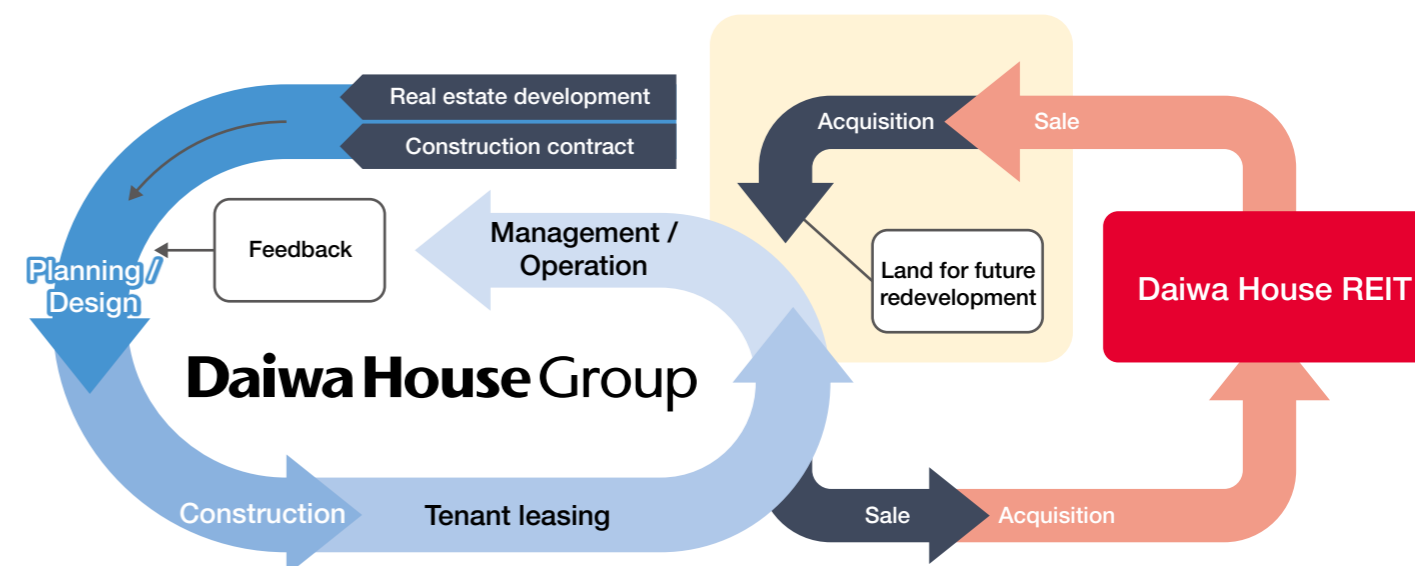


Location	Tomisato City, Chiba	Kawachi District, Tochigi	Kuki City, Saitama
Construction date	April 23, 2015	December 24, 2010	June 21, 2013
Anticipated sale price	¥5,970 million	¥6,510 million	¥10,100 million
Estimated gain or loss on sale	¥1,430 million	¥(604) million	¥2,330 million
Anticipated sale date	August 30, 2024	August 30, 2024	September 2, 2024
NOI yield <sup>(Note)</sup>	4.6%	3.5%	3.1%

(Note) Actual annualized NOI for the fiscal period ended February 29, 2024 divided by anticipated sale price

### Significance of the sale

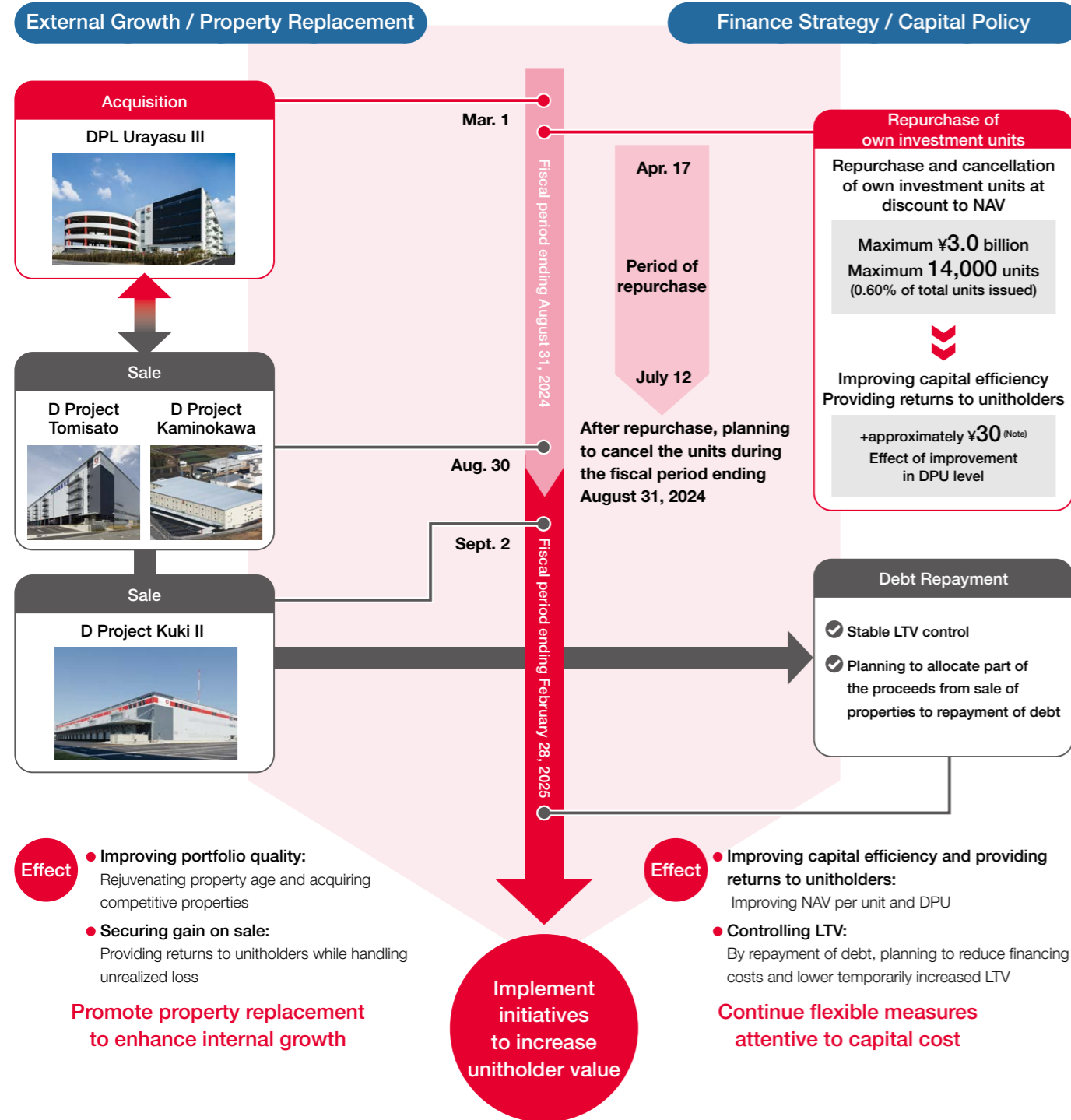
- Selling the properties at appraisal value to the fund set up by the sponsor group
- Replacing properties utilizing value chain of Daiwa House Group to improve portfolio quality



# Initiatives to Pursue Growth

## Initiatives to Increase Unitholder Value

- ✔ Implementing our first repurchase of own investment units
- ✔ Aiming to increase unitholder value by improvement of portfolio quality through property replacement and flexible capital policy initiatives



(Note) This is an estimated figure calculated based on financial results for the fiscal period ended February 29, 2024 and assuming the investment unit price at the end of March 2024 as the average purchase price. Accordingly, the actual results may deviate from such estimated figure depending on the actual total amount and number of investment units repurchased.

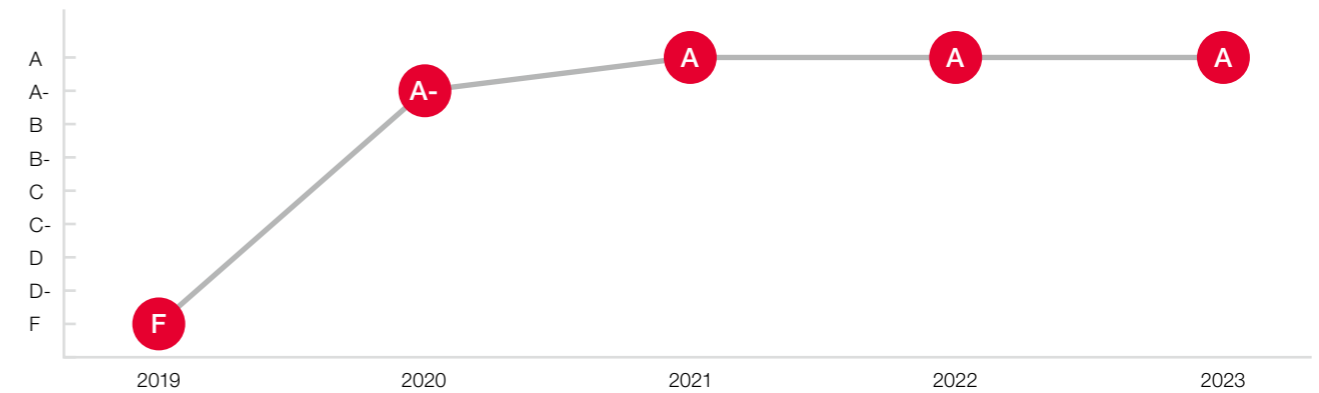
# ESG Initiatives

## Improved External Evaluations by Promoting ESG Initiatives

### CDP Climate Change Program

- 2023 CDP Climate Change Program: **Awarded the highest score of "A"** and **named on the "A List" for three consecutive years**
- 2023 CDP Supplier Engagement Rating: Listed on the CDP Supplier Engagement Rating Leaderboard (the highest rating) for four consecutive years

### <CDP Score>



- First in J-REITs**: Disclosed nature-related information aligned with the "TNFD Recommendations"
- First in J-REITs**: Registered as a "TNFD Adopter"
- Only J-REIT to be selected**: Selected as "Environmentally Sustainable Company" for two consecutive years and as "Progressive Company in Environmental Disclosure" for the first time in ESG Finance Awards Japan
- Member of Dow Jones Sustainability Indices**: Included in "Dow Jones Sustainability Asia/Pacific Index" for the first time
- AWES ESG AWARD 2023**: Awarded the "Best Recommendation Award in Governance Category" in the "ARES ESG Award 2023" for the first time
- 2024 Health & Productivity Bright 500**: Certified as one of "Bright 500," the top 500 corporations in the "2023 Health & Productivity Management Outstanding Organizations (SME category)" for two consecutive years (Asset manager)
- Signatory of: PRI**: Submitted PRI annual report for the first time (Asset Manager)
  - ★★★★★ Policy, governance and strategy
  - ★★★★★ Real estate
  - ★★★★★ Confidence-building measures

## Initiatives for Unitholders

- DHR disclosed "Summary of Resolutions of the 14th General Meeting of Unitholders (Reference)" relating to the 14th General Meeting of Unitholders held in November 2023 on its website as the first initiative for DHR

# I. Asset Management Report

## 1. Summary of Asset Management

### (1) Historical Operating Results

		32nd period February 2022	33rd period August 2022	34th period February 2023	35th period August 2023	36th period February 2024
Operating revenues (Note 1)	Yen in millions	30,264	29,368	29,489	29,920	29,643
Of which, real estate rental revenues	Yen in millions	28,928	29,368	29,489	29,570	29,643
Operating expenses	Yen in millions	16,854	16,707	16,748	17,005	17,505
Of which, real estate rental expenses	Yen in millions	12,431	12,183	12,283	12,509	12,145
Operating income	Yen in millions	13,409	12,661	12,740	12,914	12,138
Ordinary income	Yen in millions	11,685	11,050	11,124	11,224	10,378
Net income	Yen in millions	11,685	11,049	11,123	11,224	10,378
Total assets	Yen in millions	964,669	963,566	960,621	958,747	957,752
Period-on-period changes	%	7.1	(0.1)	(0.3)	(0.2)	(0.1)
Net assets	Yen in millions	524,178	521,820	520,049	518,173	515,502
Period-on-period changes	%	7.1	(0.4)	(0.3)	(0.4)	(0.5)
Unitholders' capital	Yen in millions	268,042	268,042	268,042	268,042	268,042
Total number of investment units issued	Units	2,320,000	2,320,000	2,320,000	2,320,000	2,320,000
Net assets per unit	Yen	225,938	224,922	224,159	223,350	222,199
Total distributions	Yen in millions	13,507	13,031	13,105	13,091	13,249
Distributions per unit	Yen	5,822	5,617	5,649	5,643	5,711
Of which, earnings distributions per unit	Yen	5,116	4,805	4,854	4,841	4,491
Of which, distributions in excess of earnings per unit	Yen	706	812	795	802	1,220
Ordinary income to total assets ratio (Note 2)	%	1.3	1.1	1.2	1.2	1.1
Annualized	%	2.5	2.3	2.3	2.3	2.2
Return on equity (Note 3)	%	2.3	2.1	2.1	2.2	2.0
Annualized	%	4.6	4.2	4.3	4.3	4.0
Equity ratio	%	54.3	54.2	54.1	54.0	53.8
Period-on-period changes		(0.0)	(0.2)	(0.0)	(0.1)	(0.2)
Payout ratio	%	101.5	100.9	101.3	100.1	100.4
<b>&lt;Other Reference Information&gt;</b>						
Rental NOI (Note 4)	Yen in millions	22,122	22,839	22,831	22,663	23,148
FFO per unit (Note 5)	Yen	7,746	8,061	8,081	7,963	8,153
FFO multiple (Note 6)	Times	19.9	20.1	17.3	17.5	14.9
Debt service coverage ratio (Note 7) (Note 8)	Times	16.6	15.6	15.5	14.7	14.2
Interest-bearing debt	Yen in millions	407,550	407,550	407,550	407,550	409,550
Interest-bearing debt to total assets ratio (Note 9)	%	42.2	42.3	42.4	42.5	42.8

- (Notes) 1. Operating revenues, etc., do not include consumption taxes.  
2. Ordinary income to total assets ratio = Ordinary income / ((Total assets at the beginning of period + Total assets at the end of period) / 2) × 100  
3. Return on equity = Net income / ((Net assets at the beginning of period + Net assets at the end of period) / 2) × 100  
4. Rental NOI = Real estate rental revenues – Real estate rental expenses + Depreciation and amortization during the period  
5. FFO per unit = (Net income + Depreciation and amortization + Amortization of goodwill + Amortization of investment corporation bond issuance costs + Amortization of trademark rights +/- Loss/gain on sale of real estate properties + Impairment losses +/- Extraordinary loss/income) / Total number of investment units issued  
6. FFO multiple = Investment unit price at the end of period / Annualized FFO per unit  
7. Debt service coverage ratio = Net income before interest, depreciation and amortization / Interest expense  
8. Net income before interest, depreciation and amortization = Net income + Depreciation and amortization + Amortization of goodwill + Amortization of investment corporation bond issuance costs + Amortization of trademark rights + Interest expense and Interest expense on investment corporation bonds + Impairment losses  
9. 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 ¥5.1 billion in September 2023 using funds in hand. In addition, DHR acquired one logistics property for an acquisition price of ¥3.1 billion in October 2023 using loans and funds in hand. As a result, DHR's portfolio as of the end of the current fiscal period consisted of 232 properties with an asset value of ¥905.7 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 ¥18,700 million to provide for the repayment of ¥18,700 million in existing loans due on September 29, 2023; 2) arranged refinancing of ¥4,000 million to provide for the repayment of ¥4,000 million in existing loans due on October 2, 2023; 3) conducted debt financing of ¥2,000 million on October 2, 2023, to provide for part of the acquisition costs and related expenses for the property acquisition through the Daiwa House Group's pipeline; and 4) arranged refinancing of ¥2,000 million to provide for the repayment of ¥2,000 million in existing loans due on January 31, 2024.

As a result, the balance of interest-bearing debt outstanding as of the end of the current fiscal period amounted to ¥409,550 million (loan balance: ¥365,550 million, investment corporation bond balance: ¥44,000 million). As of the end of the current fiscal period, its LTV (including goodwill)<sup>(Note 1)</sup> was 42.8%, and its LTV (excluding goodwill)<sup>(Note 2)</sup> was 45.1%.

- (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 ¥1,097,552 million, and the amount of unrealized gain<sup>(Note)</sup> on the portfolio, which is the difference compared to the book value was ¥248,459 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 ¥29,643 million, operating income of ¥12,138 million, ordinary income of ¥10,378 million, and net income of ¥10,378 million. Based on its distribution policy, ¥1,982 million in amortization of goodwill and ¥889 million in impairment losses were added to net income, resulting in ¥13,250 million. From this amount, the total amount of distributions was ¥13,249 million (¥5,711 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 ¥10,419 million (¥4,491 per investment unit) as earnings distributions as provided for in Article 136, paragraph 1 of the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, as amended). Hereinafter referred to as the "Investment Trusts Act") and an allowance for temporary difference adjustments of ¥2,777 million (¥1,197 per investment unit) and other distributions in excess of earnings (return of capital) of ¥53 million (¥23 per investment unit) as distributions in excess of earnings.

## (3) Summary of Capital Increase

Changes in DHR's total number of investment units issued and unitholders' capital for the most recent five years until February 29, 2024 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 Trusts Act") (cross-held investment units).

## [Changes in market price of investment securities]

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

	32nd period	33rd period	34th period	35th period	36th period
Fiscal period ended	February 2022	August 2022	February 2023	August 2023	February 2024
Highest	¥353,000	¥335,500	¥323,500	¥299,900	¥276,800
Lowest	¥309,000	¥290,000	¥272,400	¥266,000	¥238,800
Beginning of period	¥329,000	¥315,000	¥318,500	¥277,800	¥265,500
End of period	¥311,500	¥322,000	¥281,100	¥276,200	¥244,400

## (4) Distributions

For the current fiscal period, of the total amount of ¥13,250,021,130 when combining net income of ¥10,378,351,860, amortization of goodwill of ¥1,982,226,586 and impairment losses of ¥889,442,684, DHR decided to pay a total of ¥13,249,520,000 in distributions (¥5,711 per unit) 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 ¥10,419,120,000 as earnings distributions (¥4,491 per unit), and of distributions in excess of earnings, ¥2,777,040,000 as allowance for temporary difference adjustments (¥1,197 per unit) and ¥53,360,000 as other distributions in excess of earnings (¥23 per unit).

	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	36th period From September 1, 2023 to February 29, 2024
Unappropriated retained earnings (Yen in thousands)	12,238,902	11,419,562	11,395,808	11,358,853	10,506,085
Retained earnings carried forward (Note) (Yen in thousands)	369,782	271,962	134,528	127,733	86,965
Total distributions (Yen in thousands)	13,507,040	13,031,440	13,105,680	13,091,760	13,249,520
Distributions per unit (Yen)	5,822	5,617	5,649	5,643	5,711
Of the above, total earnings distributions (Yen in thousands)	11,869,120	11,147,600	11,261,280	11,231,120	10,419,120
Earnings distributions per unit (Yen)	5,116	4,805	4,854	4,841	4,491
Of the above, total capital refunds (Yen in thousands)	1,637,920	1,883,840	1,844,400	1,860,640	2,830,400
Capital refunds per unit (Yen)	706	812	795	802	1,220
Of total capital refunds, total distributions deemed as distributions from the allowance for temporary difference adjustments (Yen in thousands)	1,637,920	1,839,760	1,844,400	1,860,640	2,777,040
Of capital refunds per unit, distributions deemed as distributions from the allowance for temporary difference adjustments per unit (Yen)	706	793	795	802	1,197
Of total capital refunds, total distributions deemed as distributions from capital refunds for tax purposes (Yen in thousands)	–	44,080	–	–	53,360
Of capital refunds per unit, distributions deemed as distributions from capital refunds for tax purposes per unit (Yen)	–	19	–	–	23

(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

Looking ahead, the Japanese economy, despite the current rise in prices, is expected to recover gradually due to factors that include recovery in personal consumption amid rising wages, solid capital investment, and growth in inbound tourism. Meanwhile, we must be aware of the future impact on economic activities from factors including trends in monetary policy by the Bank of Japan and other central banks in the world, the risk of economic recession in overseas economies, the trends of commercial real estate market in the United States, economic stagnation in China, and the surging resource prices.

In the J-REIT market, the Tokyo Stock Exchange REIT Index was 1,698 points at the end of February 29, 2024. In March 2024, the Bank of Japan decided to terminate its large-scale monetary easing measures, including those pertaining to negative interest rates, and made its first rate hike in 17 years. Looking ahead, even greater attention needs to be paid to the impacts of fluctuations in the financial market.

In the real estate trading market, although negative interest rate policy has ended, an accommodative financial environment is expected to be maintained for the time being, and transaction prices are remaining high. In addition, taking into account factors such as the rising price of land and persistently high construction costs, an investment environment is expected to remain challenging in the future.

### ii) Future Operating Policies and Issues to Be Addressed

#### (a) Growth Strategy

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

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

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

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

#### (b) ESG Initiatives

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 third consecutive year, DHR gained recognition as a climate change A List company under the 2023 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. 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. DHR was selected for the first time as a component company of the "Dow Jones Sustainability Asia/Pacific Index," covering the Asia-Pacific region in the "Dow Jones Sustainability Indices," a leading global equity index on sustainability. Furthermore, at the Fifth ESG Finance Awards Japan, DHR was awarded as an "Environmentally Sustainable Company" for the second consecutive year as a company meeting certain standards in terms of level of disclosure, and became the first J-REIT awarded "Progressive Company in Environmental Disclosure," as a company with a high degree of disclosure improvement and expected to make further progress.

##### 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)<sup>(Note 1)</sup>, 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.

DHR has adopted the recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD) and in December 2023, became the first J-REIT to register as a "TNFD Adopter"<sup>(Note 2)</sup>. In addition, in January 2024, DHR became the first J-REIT to disclose nature-related information aligned with the TNFD Recommendations.

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

Under the Policy, the Asset Manager aims to establish an internal framework for promoting sustainability and take steps to develop personnel by conducting regular employee education and training. The Asset Manager also aims 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. For the second consecutive year, the Asset Manager was certified as 2024 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, for the second consecutive year, 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. Promoting ESG by introduction of sustainability index-linked fee

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. Additionally, DHR was awarded the "Best Recommendation Award in Governance Category" in the ARES ESG Award 2023 sponsored by the Association for Real Estate Securitization ("ARES") in recognition of DHR's introduction of sustainability index-linked asset management fees as an effective initiative to expand and universalize ESG investment through the investment chain.

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

(Notes) 1. SBT refers to Science Based Targets (emissions reduction targets based on scientific reasoning).  
2. "TNFD Adopter" refers to a company or organization that has registered on the TNFD website their intention to disclose information aligned with the TNFD Recommendations. TNFD Adopters are required to make public disclosures aligned with the TNFD Recommendations in their corporate reporting in respect of their financial year 2024 or 2025.

#### (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 or recording of impairment losses or the like that cause 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. In addition, in cases where the excess taxable income over accounting income is resolved mainly through the sale of properties for which impairment losses were recorded, distributions may be limited to the amount of excess taxable income over accounting income, and other distributions in excess of earnings may not be carried out.

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. Acquisition of Assets

DHR acquired the following property:

Asset name	DPL Urayasu III
Asset type	Trust beneficiary interests in real estate
Asset class	Logistics properties
Acquisition price (Note 1)	¥30,000 million
Seller (Note 2)	Urayasu Facility Development Tokutei Mokuteki Kaisha
Date of acquisition	March 1, 2024

(Notes) 1. This figure does not include expenses pertaining to acquisitions, settlement money such as taxes and public dues, consumption taxes, etc.  
 2. Urayasu Facility Development Tokutei Mokuteki Kaisha, the seller of DPL Urayasu III, 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.

B. Disposition of assets

DHR decided to dispose of the following properties as of April 16, 2024.

Asset name	D Project Tomisato
Asset type	Trust beneficiary interests in real estate
Asset class	Logistics properties
Planned disposition price (Note 1)	¥5,970 million
Buyer (Note 2)	DH Bridge 1 Godo Kaisha
Planned date of disposition	August 30, 2024

Asset name	D Project Kaminokawa
Asset type	Trust beneficiary interests in real estate
Asset class	Logistics properties
Planned disposition price (Note 1)	¥6,510 million
Buyer (Note 2)	DH Bridge 1 Godo Kaisha
Planned date of disposition	August 30, 2024

Asset name	D Project Kuki II
Asset type	Trust beneficiary interests in real estate
Asset class	Logistics properties
Planned disposition price (Note 1)	¥10,100 million
Buyer (Note 2)	DH Bridge 1 Godo Kaisha
Planned date of disposition	September 2, 2024

(Notes) 1. This figure does not include expenses pertaining to dispositions, settlement money such as taxes and public dues, consumption taxes, etc.  
 2. DH Bridge 1 Godo Kaisha, which is the buyer, is a limited liability company in which the sponsor, Daiwa House, plans to invest.

C. Debt Financing

(a) DHR conducted debt financing for acquiring the property mentioned in "A. Acquisition of Assets" above, on March 1, 2024, as follows:

Lender	Borrowing amount (Yen in millions)	Interest rate	Borrowing date	Repayment date	Method of repayment	Collateral
Sumitomo Mitsui Trust Bank, Limited	2,500	Base interest rate (JBA 1-month yen TIBOR) +0.175% (Floating interest rate)	March 1, 2024	February 28, 2025	Bullet repayment	Unsecured and non-guaranteed
Sumitomo Mitsui Banking Corporation	2,500	Base interest rate (JBA 1-month yen TIBOR) +0.175% (Floating interest rate)	March 1, 2024	February 28, 2025	Bullet repayment	Unsecured and non-guaranteed
MUFG Bank, Ltd.	2,500	Base interest rate (JBA 1-month yen TIBOR) +0.175% (Floating interest rate)	March 1, 2024	February 28, 2025	Bullet repayment	Unsecured and non-guaranteed
Mizuho Bank, Ltd.	2,500	Base interest rate (JBA 1-month yen TIBOR) +0.175% (Floating interest rate)	March 1, 2024	February 28, 2025	Bullet repayment	Unsecured and non-guaranteed
Mizuho Bank, Ltd. The Chiba Bank, Ltd. The Keiyo Bank, Ltd. The Yamaguchi Bank, Ltd. Kansai Mirai Bank, Limited (Green Loan) (Note)	5,000	0.74354% (Fixed interest rate)	March 1, 2024	February 28, 2029	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. The Green Finance 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 the funds for the repayments of a total of ¥12,000 million in long-term loans due on March 29, 2024 and ¥3,000 million in long-term loans due on April 1, 2024, as follows:

Lender	Borrowing amount (Yen in millions)	Interest rate	Borrowing date	Repayment date	Method of repayment	Collateral
Mitsui Sumitomo Insurance Company, Limited	1,000	1.00625% (Fixed interest rate)	March 29, 2024	March 31, 2031	Bullet repayment	Unsecured and non-guaranteed
MUFG Bank, Ltd. Sumitomo Mitsui Trust Bank, Limited Sumitomo Mitsui Banking Corporation Mizuho Bank, Ltd. Aozora Bank, Ltd. Resona Bank, Limited SBI Shinsei Bank, Limited (Sustainability Linked Loan) (Note 1)	11,000	1.15375% (Fixed interest rate) (Note 2)	March 29, 2024	March 31, 2032	Bullet repayment	Unsecured and non-guaranteed
Sumitomo Mitsui Banking Corporation MUFG Bank, Ltd. Sumitomo Mitsui Trust Bank, Limited Development Bank of Japan Inc.	3,000	0.91119% (Fixed interest rate)	April 1, 2024	March 29, 2030	Bullet repayment	Unsecured and non-guaranteed

(Notes) 1. The interest rate changes annually until the repayment date, according to the degree of achievement of the Sustainability Performance Target ("SPT") as follows: after the last day of April 2025, interest rates applicable on May 31 (the preceding business day if such date is not a business day) and thereafter will change according to the CDP score as of the last day of April each year.  
 SPT: To achieve the "A List" status (the highest valuation) in the CDP Climate Change Program  
 CDP score "A" (SPT achieved): Initial interest rate -0.01%  
 CDP score "A-" (SPT not achieved): Initial interest rate ±0.00%  
 CDP score "B" or lower (B/ B-/ C/ C-/ D/ D-/ F) (SPT not achieved): Initial interest rate +0.01%  
 In addition, with regard to this loan, DHR has obtained an external review from Japan Credit Rating Agency, Ltd. ("JCR") in alignment with the "Sustainability Linked Loan Guidelines" issued by the Ministry of Environment of Japan and the Sustainability Linked Loan Principles (SLLP) issued by Asia Pacific Loan Market Association (APLMA), Loan Market Association (LMA), and Loan Syndications and Trading Association (LSTA). For details, please refer to the website of JCR (<https://www.jcr.co.jp/greenfinance/>).  
 2. Initial interest rate applicable for the period from March 29, 2024 to May 30, 2025 is shown.

D. Decision on Repurchase of Own Investment Units

At the meeting of the Board of Directors held on April 16, 2024, DHR made a decision on matters concerning repurchase of own investment units in accordance with the provisions of Article 80-2 of the Investment Trust Act as applied by replacing terms and phrases pursuant to the provisions of Article 80-5, Paragraph 2 of the said act (the "Repurchase of Own Investment Units"). DHR plans to cancel all the repurchased investment units in the fiscal period ending August 31, 2024.

(a) Reason for the Repurchase of Own Investment Units

As a result of comprehensively considering DHR's status of cash on hand, its financial position, the market environment, and other factors, DHR has judged that improving capital efficiency and providing returns to unitholders through the repurchase and cancellation of own investment units will lead to enhancing unitholder value in the medium to long term.

(b) Details of Matters Relating to the Repurchase

Total number of investment units that can be repurchased	14,000 units (maximum) Ratio to total number of investment units issued (excluding treasury investment units): 0.60%
Total amount of investment units to be repurchased	¥3,000 million (maximum)
Method of repurchase	Market purchases on the Tokyo Stock Exchange based on a discretionary trading agreement pertaining to the repurchase of own investment units with a securities company
Period of repurchase	From April 17, 2024 to July 12, 2024

## 2. Overview of the Investment Corporation

### (1) Status of Investment Units

	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	36th period As of February 29, 2024
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	2,320,000	2,320,000	2,320,000	2,320,000	2,320,000
Unitholders' capital (Yen in thousands)	268,042,601	268,042,601	268,042,601	268,042,601	268,042,601
Number of unitholders	18,264	17,915	17,591	17,326	19,768

### (2) Matters concerning Investment Units

The major unitholders as of February 29, 2024 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)	556,550	24.0
The Master Trust Bank of Japan, Ltd. (Trust account)	372,286	16.0
Daiwa House Industry Co., Ltd.	91,200	3.9
The Nomura Trust and Banking Co., Ltd. (Investment trust account)	84,601	3.6
State Street Bank West Client - Treaty 505234	53,465	2.3
SMBC Nikko Securities Inc.	45,975	2.0
JPMorgan Securities Japan Co., Ltd.	30,137	1.3
State Street Bank and Trust Company 505103	28,026	1.2
The Shinkumi Federation Bank	22,882	1.0
BNYM AS AGT/CLIENTS NON TREATY JASDEC	21,720	0.9
Total	1,306,842	56.3

(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 36th period (Yen in thousands)
Executive Director	Tsuyoshi Saito (Note 2)	Corporate Advisor, Sumitomo Mitsui Trust General Service Co., Ltd Director and Chairman, UBS SuMi TRUST Wealth Management Co., Ltd. Chairman, Sumitomo Mitsui Trust Club Co., Ltd.	1,260
	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	-	18,000

(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.
- Former Executive Director Toshiharu Asada retired on November 30, 2023, and on December 1, 2023, Tsuyoshi Saito was newly appointed as Executive Director.
  - Dismissal or non-reappointment of the Accounting Auditor shall be discussed at DHR's board of directors pursuant to the provisions of the Investment Trusts Act for dismissal, taking into full account all relevant factors for non-reappointment such as the quality of audits and remuneration for audits.
  - The amount of remuneration based on non-auditing duties paid to the Accounting Auditor was ¥2,100 thousand. In addition, the amount of remuneration based on non-auditing duties paid to firms that belong to the same network as the Accounting Auditor was ¥10,163 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)	35th period August 31, 2023		36th period February 29, 2024		
			Total amount held (Yen in millions) (Note 2)	Percentage to total assets (%) (Note 3)	Total amount held (Yen in millions) (Note 2)	Percentage to total assets (%) (Note 3)	
Real estate	Residential properties	Greater Tokyo area	23,274	2.4	23,215	2.4	
		Greater Nagoya area	878	0.1	905	0.1	
		Greater Osaka area	13,002	1.4	12,915	1.3	
		Other	3,279	0.3	3,284	0.3	
	Retail properties	Other	1,471	0.2	1,471	0.2	
	Subtotal		41,905	4.4	41,792	4.4	
	Trust beneficiary interests in real estate	Logistics properties	Greater Tokyo area	327,322	34.1	326,406	34.1
			Greater Nagoya area	15,092	1.6	14,998	1.6
			Greater Osaka area	21,789	2.3	24,817	2.6
			Other	84,608	8.8	83,460	8.7
Residential properties		Greater Tokyo area	161,932	16.9	161,259	16.8	
		Greater Nagoya area	5,009	0.5	4,974	0.5	
		Greater Osaka area	5,850	0.6	5,818	0.6	
		Other	1,064	0.1	1,049	0.1	
Retail properties		Greater Tokyo area	31,738	3.3	31,818	3.3	
		Greater Nagoya area	2,390	0.2	2,390	0.2	
	Greater Osaka area	22,592	2.4	22,495	2.3		
	Other	61,852	6.5	61,591	6.4		
Hotel properties	Greater Tokyo area	7,750	0.8	12,855	1.3		
	Greater Nagoya area	5,307	0.6	5,276	0.6		
	Greater Osaka area	1,397	0.1	1,388	0.1		
	Other	7,991	0.8	7,934	0.8		
Other assets	Greater Tokyo area	3,133	0.3	3,103	0.3		
	Other	36,645	3.8	36,395	3.8		
Subtotal		803,469	83.8	808,034	84.4		
Deposits and other assets		113,372	11.8	107,925	11.3		
Total assets		958,747	100.0	957,752	100.0		

- (Notes)
- 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.
  - "Total amount held" represents the amounts recorded on the balance sheets as of the last day of each fiscal period (August 31, 2023 and February 29, 2024), 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.
  - "Percentage to total assets" is rounded off to the first decimal place.

(2) Principal Assets Held

The overview of principal assets held by DHR as of February 29, 2024 (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
iias Tsukuba	33,343	138,900.39	138,900.39	100.0	3.6	Retail properties
DPL Nagareyama III	31,648	106,859.16	106,859.16	100.0	(Note 6)	Logistics
DPL Nagareyama I	31,603	124,489.93	124,489.93	100.0	(Note 6)	Logistics
GRANODE Hiroshima	27,734	29,915.08	29,915.08	100.0	3.4	Other assets
D Project Urayasu II	25,148	72,320.01	72,320.01	100.0	(Note 6)	Logistics
DPL Misato	16,044	55,861.44	55,861.44	100.0	(Note 6)	Logistics
D Project Hiratsuka	14,888	65,272.52	65,272.52	100.0	(Note 6)	Logistics
D Project Hachioji	14,512	62,394.17	62,394.17	100.0	(Note 6)	Logistics
DPL Fukuoka Kasuya	12,502	73,757.39	73,757.39	100.0	(Note 6)	Logistics
D Project Itabashi Shingashi	12,155	33,763.46	33,763.46	100.0	(Note 6)	Logistics
<b>Total</b>	<b>219,582</b>	<b>763,533.55</b>	<b>763,533.55</b>	<b>100.0</b>	<b>22.7</b>	<b>-</b>

- (Notes) 1. "Book value" is the amount recorded on the balance sheets as of February 29, 2024 (in the case of real estate and real estate in trust, "Book value" is the acquisition price (including expenses associated with the acquisition) less accumulated depreciation), which is rounded down to the nearest million yen.
2. "Leasable area" means the leasable area of the building (or land in the case of land properties) in relation to each real estate or each real estate in trust and the figures stated refer to the area DHR believes is leasable as indicated in the relevant lease agreement or drawing of the building, etc. in relation to each real estate or each real estate in trust as of February 29, 2024. In the cases of each co-owned real estate or quasi co-owned trust beneficiary interests, the leasable area of the entire real estate multiplied by the ratio of co-ownership of the real estate or quasi co-ownership of the trust beneficiary interests in real estate held by DHR is provided.
3. "Leased area" represents the leased area in the leasable area as indicated in the lease agreement in relation to each real estate or each real estate in trust as of February 29, 2024. However, in the case of a pass-through type master lease agreement entered into with the master lease company, the leased area to end-tenants indicated in each sublease agreement entered into between the master lease company and end-tenants for each real estate or each real estate in trust as of February 29, 2024 is provided. As some lease agreements for each real estate or each real estate in trust may indicate leased area that includes portions not included in the gross floor area, the leased area may exceed the gross floor area. In particular, at logistics properties, when eaves are included in the leased area, the leased area may significantly exceed the gross floor area. In the cases of each co-owned real estate or quasi co-owned trust beneficiary interests, the leased area of the entire real estate multiplied by the ratio of co-ownership of the real estate or quasi co-ownership of the trust beneficiary interests in real estate held by DHR is provided.
4. "Occupancy rate" represents occupancy rate (the percentage of leased area to the leasable area) of each property as of February 29, 2024, which is rounded off 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 off to the first decimal place.
6. Undisclosed as consent for disclosure has not been obtained from the lessee.

(3) Description of Portfolio

The overview of portfolio assets held by DHR as of February 29, 2024 (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)
	D Project Machida	2-1-6, Oyamagaoka, Machida City, Tokyo	Real estate in trust	50,490.39	11,500	9,001
	D Project Hachioji	3-21-1, Minami-Osawa, Hachioji City, Tokyo	Real estate in trust	62,394.17	19,300	14,512
	D Project Aikawa-Machi	4020-12, Aza Sakuradai, Nakatsu, Aikawa-machi, Aiko District, Kanagawa	Real estate in trust	14,240.84	4,830	3,567
	D Project Urayasu I	12-1, Chidori, Urayasu City, Chiba	Real estate in trust	36,515.81	10,800	9,133
	D Project Urayasu II	11-5, Chidori, Urayasu City, Chiba	Real estate in trust	72,320.01	30,900	25,148
	D Project Akanehama	3-2-8, Akanehama, Narashino City, Chiba	Real estate in trust	11,663.39	3,350	2,893
	D Project Noda	1-1, Aza Tamei, Futatsuka, Noda City, Chiba	Real estate in trust	29,232.53	7,330	5,940
	D Project Inuyama	5-5, Aza Takanebora, Inuyama City, Aichi	Real estate in trust	54,197.80	13,020	9,958
	D Project Neyagawa	2-24-12, Shimeno, Neyagawa City, Osaka	Real estate in trust	11,151.51	7,260	5,615
	D Project Morioka	3-18, Ogama-kazabayashi, Takizawa City, Iwate	Real estate in trust	9,558.32	1,210	1,149
	D Project Tsuchiura	20-29, Aza Harayama, Hongo, Tsuchiura City, Ibaraki	Real estate in trust	17,448.86	3,920	3,032
	D Project Fukuoka Umi	384-15, Aza Noguchi, Oaza Ino, Umi-machi, Kasuya District, Fukuoka	Real estate in trust	24,729.56	5,570	3,930
	D Project Tosu	1624, Aza Hasuhara, Himekata-machi, Tosu City, Saga	Real estate in trust	17,858.01	7,050	5,072
	D Project Kuki I	6004-2, Aza Taikoda, Shobu-cho Shobu, Kuki City, Saitama	Real estate in trust	22,708.72	5,000	3,599
	D Project Kuki II	6201-1, Aza Kazarimen, Shobu-cho Sanga, Kuki City, Saitama	Real estate in trust	50,498.00	10,100	7,825
	D Project Kawagoe I	3-2-3, Yoshinodai, Kawagoe City, Saitama	Real estate in trust	16,150.88	4,430	3,287
	D Project Kawagoe II	3-2-4, Yoshinodai, Kawagoe City, Saitama	Real estate in trust	19,872.00	6,150	4,525
	DPL Inuyama	1-8, Aza Nakahiratsuka, Oaza Haguroshinden, Inuyama City, Aichi	Real estate in trust	21,628.50	4,710	3,615
	D Project Fukuoka Hakozaiki	5-2-1, Hakozaikifuto, Higashi Ward, Fukuoka City, Fukuoka	Real estate in trust	34,710.80	5,280	4,024
	D Project Kuki III	6004-1, Aza Taikoda, Shobu-cho Shobu, Kuki City, Saitama	Real estate in trust	26,937.41	9,510	6,984
	D Project Kuki IV	6201-5, Aza Kazarimen, Shobu-cho Sanga, Kuki City, Saitama	Real estate in trust	26,460.00	6,860	5,023
	D Project Kuki V	6201-6, Aza Kazarimen, Shobu-cho Sanga, Kuki City, Saitama	Real estate in trust	47,320.89	12,000	7,584
	D Project Kuki VI	48-3, Kiyoku-cho, Kuki City, Saitama	Real estate in trust	29,244.66	6,890	4,647
	D Project Yashio	50-1, Oaza Shin-machi, Yashio City, Saitama	Real estate in trust	21,965.04	7,350	6,101
	D Project Nishiyodogawa	2-7-48, Nakashima, Nishiyodogawa Ward, Osaka City, Osaka	Real estate in trust	39,584.80	12,700	9,386
	D Project Matsudo	700-3, Aza Nishinooda, Kamihongo, Matsudo City, Chiba	Real estate in trust	26,776.67	8,550	6,912
	D Project Hibiki Nada	3-1-5, Hibiki-machi, Wakamatsu Ward, Kitakyushu City, Fukuoka	Real estate in trust	23,933.75	2,370	1,866
	D Project Morioka II	3-15, Ogama-kazabayashi, Takizawa City, Iwate	Real estate in trust	4,481.00	1,320	1,163
	D Project Kawagoe III	2-8-55, Yoshinodai, Kawagoe City, Saitama	Real estate in trust	39,572.32	9,000	6,675
	D Project Kazo	2-16-1, Okuwa, Kazo City, Saitama	Real estate in trust	18,437.60	4,070	3,082
	D Project Urayasu III	12-1, Chidori, Urayasu City, Chiba	Real estate in trust	39,441.32	10,500	8,391
	D Project Tomisato	7-2, Misawa, Tomisato City, Chiba	Real estate in trust	36,113.25	5,970	4,562
	D Project Kyotanabe	3-50-1, Kannabidai, Kyotanabe City, Kyoto	Real estate in trust	10,965.68	4,210	3,287
	D Project Sendai Izumi	2-9-1, Akedori, Izumi Ward, Sendai City, Miyagi	Real estate in trust	10,764.05	1,770	1,368
	D Project Oyama	2333-34, Aza Atago, Oaza Hari, Oyama City, Tochigi	Real estate in trust	14,106.91	2,210	1,824
	D Project Sano	570-9, Nishiura-cho, Sano City, Tochigi	Real estate in trust	15,668.44	2,030	1,597
	D Project Tatebayashi	110-8, Aza Uchiya, Shimosagawada-cho, Tatebayashi City, Gunma	Real estate in trust	13,521.56	3,530	2,811
	D Project Kakegawa	653-14, Aza Oyabu, Sakagawa, Kakegawa City, Shizuoka	Real estate in trust	39,341.44	6,760	5,513
	D Project Hiroshima Seifu	2-2-1, Tomonishi, Asaminami Ward, Hiroshima City, Hiroshima	Real estate in trust	19,004.72	4,610	3,518
	D Project Tosu II	1621, Aza Hasuhara, Himekata-machi, Tosu City, Saga	Real estate in trust	13,012.50	2,500	1,525
	D Project Kawagoe IV	3-2-1, Yoshinodai, Kawagoe City, Saitama	Real estate in trust	24,684.47	6,650	5,547
	D Project Kuki VII	6004-3, Aza Taikoda, Shobu-cho Shobu, Kuki City, Saitama	Real estate in trust	3,225.46	1,310	1,000
	D Project Chibakita	461-1, Naganumacho, Inage Ward, Chiba City, Chiba	Real estate in trust	24,368.86	9,100	7,281
	D Project Matsudo II	700-1, Aza Nishinooda, Kamihongo, Matsudo City, Chiba	Real estate in trust	25,305.82	9,260	7,758
	D Project Tomisato II	1-6, Misawa, Tomisato City, Chiba	Real estate in trust	40,870.56	8,010	6,382
	D Project Osaka Hirabayashi	2-6-15, Hirabayashikita, Suminoe Ward, Osaka City, Osaka	Real estate in trust	22,485.08	4,290	3,345
	D Project Sendai Izumi II	3-1-1, Akedori, Izumi Ward, Sendai City, Miyagi	Real estate in trust	39,580.46	8,630	6,655

Logistics properties

# I. Asset Management Report

Asset class	Property name	Location (Note 1)	Form of ownership	Leasable area (m <sup>2</sup> ) (Note 2)	Assessed value at the end of period (Yen in millions) (Note 3)	Book value (Yen in millions) (Note 4)	
Logistics properties	D Project Kaminokawa	2568-1, Aza Minamihara, Oaza Tako, Kaminokawamachi, Kawachi District, Tochigi	Real estate in trust	52,239.75	6,510	6,492	
	D Project Fuji	2261-6, Aza Shiroyama, Obuchi, Fuji City, Shizuoka	Real estate in trust	23,795.40	3,930	3,305	
	D Project Tosu III	3-1-3, Yayoigaoka, Tosu City, Saga	Real estate in trust	65,215.07	10,800	8,471	
	D Project Kitahachioji I	2969-2, Ishikawamachi, Hachioji City, Tokyo	Real estate in trust	16,523.82	4,900	4,154	
	D Project Kitahachioji II	2969-18, Ishikawamachi, Hachioji City, Tokyo	Real estate in trust	21,402.20	6,460	5,531	
	D Project Kitahachioji III	2969-19, Ishikawamachi, Hachioji City, Tokyo	Real estate in trust	27,457.34	8,510	7,073	
	D Project Itabashi Shingashi	1-2-2, Shingashi, Itabashi Ward, Tokyo	Real estate in trust	33,763.46	14,500	12,155	
	D Project Sagamiyama	1-2-31, Miyashimo, Chuo Ward, Sagamiyama City, Kanagawa	Real estate in trust	16,599.30	4,610	3,715	
	D Project Kuki VIII	49-3, Kiyokucho, Kuki City, Saitama	Real estate in trust	29,410.54	7,150	5,793	
	D Project Yokkaichi	1947-14, Nakamuracho, Yokkaichi City, Mie	Real estate in trust	6,185.46	1,640	1,424	
	D Project Ibaraki Ishioka	6-4, Kashiwabara, Ishioka City, Ibaraki	Real estate in trust	24,493.54	4,570	3,827	
	D Project Wako A	5-7-5, Niikura, Wako City, Saitama	Real estate in trust	39,258.06	12,100	10,600	
	D Project Hiratsuka	7-12-10, Okami, Hiratsuka City, Kanagawa	Real estate in trust	65,272.52	16,500	14,888	
	D Project Kadoma I	1-7, Kitajimahigashimachi, Kadoma City, Osaka	Real estate in trust	12,194.39	3,410	3,182	
	DPL Misato	1-3-5, Inter-Minami, Misato City, Saitama	Real estate in trust	55,861.44	20,500	16,044	
	DPL Fukuoka Kasuya	642-1, Aza Sanjuroku, Oaza Uchihashi, Kasuyamachi, Kasuya District, Fukuoka	Real estate in trust	73,757.39	18,000	12,502	
	DPL Kitakyushu	5-14, Sonekitamachi, Kokuraminami Ward, Kitakyushu City, Fukuoka	Real estate in trust	26,672.98	4,020	3,196	
	DPL Nagareyama I	1374-1, Aza Taneishita, Nishifukai, Nagareyama City, Chiba	Real estate in trust	124,489.93	36,900	31,603	
	DPL Shin-Narashino	1-7-1, Akanehama, Narashino City, Chiba	Real estate in trust	12,686.30	6,660	5,796	
	DPL Nagareyama III	1597-1, Aza Waseda, Nishifukai, Nagareyama City, Chiba	Real estate in trust	106,859.16	36,800	31,648	
	Logistics properties – Subtotal				2,108,682.87	562,140	449,045
	Residential properties	Qiz Ebisu	4-3-1, Ebisu, Shibuya Ward, Tokyo	Real estate in trust	5,230.39	11,300	7,279
		Castalia Azabujuban Shichimenzaka	2-7-5, Azabujuban, Minato Ward, Tokyo	Real estate in trust	3,492.93	5,110	4,065
		Castalia Shibakoen	3-32-10, Shiba, Minato Ward, Tokyo	Real estate in trust	2,707.51	2,970	2,354
		Castalia Ginza	1-14-13, Ginza, Chuo Ward, Tokyo	Real estate in trust	2,226.42	2,890	2,270
		Castalia Hiroo	3-13-3, Nishi Azabu, Minato Ward, Tokyo	Real estate in trust	1,621.59	2,370	2,043
		Castalia Nihonbashi	11-2, Nihonbashi Kabuto-cho, Chuo Ward, Tokyo	Real estate in trust	1,458.73	1,460	1,046
		Castalia Hacchobori	3-27-5, Hacchobori, Chuo Ward, Tokyo	Real estate in trust	2,969.57	2,870	2,049
		Castalia Azabujuban	2-10-1, Azabujuban, Minato Ward, Tokyo	Real estate in trust	2,400.00	3,240	2,744
		Castalia Azabujuban II	2-21-2, Azabujuban, Minato Ward, Tokyo	Real estate in trust	2,094.58	2,840	2,497
		Castalia Shinjuku Natsumezaka	10-1, Kikui-cho, Shinjuku Ward, Tokyo	Real estate in trust	1,917.62	1,860	1,759
		Castalia Ginza II	1-23-4, Ginza, Chuo Ward, Tokyo	Real estate in trust	1,817.56	2,200	1,594
		Castalia Shibuya Sakuragaoka	29-21, Sakuragaoka-cho, Shibuya Ward, Tokyo	Real estate in trust	1,123.80	1,520	1,332
		Castalia Nishi Azabu Kasumicho	1-3-12, Nishi Azabu, Minato Ward, Tokyo	Real estate in trust	2,779.77	2,960	2,253
		Castalia Ochanomizu	3-24-1, Kanda-Ogawamachi, Chiyoda Ward, Tokyo	Real estate in trust	2,559.21	2,750	1,642
Castalia Sangubashi		4-52-12, Yoyogi, Shibuya Ward, Tokyo	Real estate in trust	1,898.47	2,050	1,432	
Castalia Suitengu		2-8-13, Nihonbashi Kakigaracho, Chuo Ward, Tokyo	Real estate in trust	1,940.94	1,810	1,142	
Castalia Suitengu II		1-38-16, Nihonbashi Kakigaracho, Chuo Ward, Tokyo	Real estate in trust	1,858.34	1,620	1,028	
Castalia Shintomicho		3-10-10, Irifune, Chuo Ward, Tokyo	Real estate in trust	1,444.52	1,290	860	
Castalia Shintomicho II		2-6-4, Irifune, Chuo Ward, Tokyo	Real estate in trust	1,244.54	1,140	775	
Castalia Harajuku		3-55-3, Sendagaya, Shibuya Ward, Tokyo	Real estate in trust	1,225.26	1,280	855	
Castalia Yoyogi Uehara		1-17-16, Uehara, Shibuya Ward, Tokyo	Real estate in trust	811.95	905	629	
Castalia Sendagaya		2-9-10, Sendagaya, Shibuya Ward, Tokyo	Real estate in trust	803.03	793	548	
Castalia Shinjuku 7 chome		7-17-16, Shinjuku, Shinjuku Ward, Tokyo	Real estate in trust	957.60	642	425	
Castalia Ningyocho		7-15, Nihonbashi Tomisawacho, Chuo Ward, Tokyo	Real estate in trust	1,747.90	1,620	840	
Castalia Ningyocho II		8-12, Nihonbashi Tomisawacho, Chuo Ward, Tokyo	Real estate in trust	1,826.80	1,730	933	
Castalia Shin-Ochanomizu		2-3-3, Kanda Awaji-cho, Chiyoda Ward, Tokyo	Real estate in trust	1,308.38	1,350	848	
Castalia Higashi Nihonbashi II		12-11, Nihonbashi Tomisawacho, Chuo Ward, Tokyo	Real estate in trust	2,117.46	2,080	1,220	
Castalia Jinbocho		2-40-8, Kanda-Jinbocho, Chiyoda Ward, Tokyo	Real estate in trust	1,628.80	1,770	1,067	
Castalia Shintomicho III		2-8-8, Irifune, Chuo Ward, Tokyo	Real estate in trust	972.51	932	616	
Castalia Shinjuku Gyoen		2-14-4, Shinjuku, Shinjuku Ward, Tokyo	Real estate in trust	3,594.16	3,710	2,515	
Castalia Takanawadai		3-4-12, Takanawa, Minato Ward, Tokyo	Real estate in trust	1,147.44	1,330	817	
Castalia Higashi Nihonbashi III		3-5-6, Higashi-Nihonbashi, Chuo Ward, Tokyo	Real estate in trust	1,105.20	934	605	
Castalia Shinjuku Gyoen II		1-29-15, Shinjuku, Shinjuku Ward, Tokyo	Real estate in trust	668.79	636	445	
Castalia Shintomicho IV		3-10-8, Irifune, Chuo Ward, Tokyo	Real estate in trust	681.00	583	383	
Castalia Takanawadai II		3-5-6, Takanawa, Minato Ward, Tokyo	Real estate in trust	1,567.84	1,680	1,127	
Castalia Minami Azabu	2-2-27, Minami Azabu, Minato Ward, Tokyo	Real estate in trust	882.67	925	609		
Castalia Ginza III	8-18-2, Ginza, Chuo Ward, Tokyo	Real estate	3,494.42	3,740	2,696		
Castalia Kayabacho	2-1, Nihonbashi Koami-cho, Chuo Ward, Tokyo	Real estate	4,602.95	4,100	2,453		
Castalia Takanawa	2-17-12, Takanawa, Minato Ward, Tokyo	Real estate in trust	10,408.26	11,000	7,251		

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 Higashi Nihonbashi	9-14, Nihonbashi Yokoyama-cho, Chuo Ward, Tokyo	Real estate	6,442.28	5,020	3,152
	Castalia Shinjuku	2-6-11, Shinjuku, Shinjuku Ward, Tokyo	Real estate	3,150.80	3,960	2,737
	Castalia Ichigaya	16-24, Ichigaya Yakuoji-machi, Shinjuku Ward, Tokyo	Real estate in trust	1,546.34	1,560	830
	Shibaura Island Bloom Tower	4-20-2, 4-20-3, 4-20-4, Shibaura, Minato Ward, Tokyo	Real estate in trust	16,849.50	9,970	5,843
	Castalia Hatsudai	1-10-9, Honmachi, Shibuya Ward, Tokyo	Real estate in trust	3,077.05	2,780	1,913
	Castalia Hatsudai II	1-33-7, Honmachi, Shibuya Ward, Tokyo	Real estate in trust	2,339.42	2,500	1,803
	Castalia Ebisu	3-15-6, Ebisu, Shibuya Ward, Tokyo	Real estate in trust	1,659.71	1,890	1,347
	Castalia Meguro Kamurozaka	4-31-23, Nishi Gotanda, Shinagawa Ward, Tokyo	Real estate in trust	4,967.97	5,390	3,907
	Castalia Toritsudaigaku	1-4-1, Midorigaoka, Meguro Ward, Tokyo	Real estate in trust	863.70	553	560
	Castalia Yukigaya	2-13-3, Higashi Yukigaya, Ota Ward, Tokyo	Real estate in trust	1,542.30	1,370	957
	Castalia Yutenji	2-14-21, Yutenji, Meguro Ward, Tokyo	Real estate in trust	1,380.35	1,520	1,281
	Castalia Otsuka	3-17-4, Minami Otsuka, Toshima Ward, Tokyo	Real estate in trust	1,871.70	1,860	1,301
	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	1,410	841
	Castalia Otsuka II	2-32-20, Higashi-Ikebukuro, Toshima Ward, Tokyo	Real estate in trust	1,784.50	1,570	935
	Castalia Jiyugaoka	1-20-1, Jiyugaoka, Meguro Ward, Tokyo	Real estate in trust	1,472.47	1,730	1,152
	Castalia Mejiro	2-8-16, Takada, Toshima Ward, Tokyo	Real estate in trust	1,658.90	1,310	925
	Castalia Ikebukuro	3-1-12, Nishi-Ikebukuro, Toshima Ward, Tokyo	Real estate in trust	3,644.35	3,410	2,346
	Castalia Kaname-cho	5-26-10, Nishi-Ikebukuro, Toshima Ward, Tokyo	Real estate in trust	1,624.06	1,570	1,055
	Castalia Tower Shinagawa Seaside	4-10-18, Higashi Shinagawa, Shinagawa Ward, Tokyo	Real estate in trust	12,732.35	11,100	6,593
	Castalia Yakumo	2-20-5, Yakumo, Meguro Ward, Tokyo	Real estate	1,276.91	993	803
	Castalia Togoshiekimae	1-7-16, Hiratsuka, Shinagawa Ward, Tokyo	Real estate	2,014.12	2,420	1,405
	Castalia Honjo Azumabashi	3-7-11, Honjo, Sumida Ward, Tokyo	Real estate in trust	2,255.88	1,430	929
	Castalia Kitazawa	1-15-5, Kitazawa, Setagaya Ward, Tokyo	Real estate in trust	1,220.16	1,030	721
	Castalia Monzennakacho	1-17-12, Fukuzumi, Koto Ward, Tokyo	Real estate in trust	887.94	727	442
	Castalia Kamiikedai	1-4-15, Kamiikedai, Ota Ward, Tokyo	Real estate in trust	414.45	87	172
	Castalia Morishita	1-16-12, Morishita, Koto Ward, Tokyo	Real estate in trust	1,383.90	1,230	757
	Castalia Wakabayashikoen	4-39-4, Wakabayashi, Setagaya Ward, Tokyo	Real estate in trust	1,425.43	1,000	747
	Castalia Asakusabashi	2-16-21, Yanagi-bashi, Taito Ward, Tokyo	Real estate in trust	1,537.84	1,110	725
	Castalia Iriya	3-1-28, Shitaya, Taito Ward, Tokyo	Real estate in trust	1,415.15	761	493
	Castalia Kita Ueno	1-15-5, Kita-Ueno, Taito Ward, Tokyo	Real estate in trust	4,197.66	3,720	2,342
	Castalia Morishita II	2-12-11, Shin-Ohashi, Koto Ward, Tokyo	Real estate	1,275.60	1,020	604
	Castalia Minowa	5-24-4, Negishi, Taito Ward, Tokyo	Real estate	2,406.41	1,890	1,254
	Castalia Oyamadai	7-14-13, Todoroki, Setagaya Ward, Tokyo	Real estate	857.32	713	498
	Castalia Nakano	2-12-13, Arai, Nakano Ward, Tokyo	Real estate	1,613.86	1,540	951
	Castalia Yoga	1-3-12, Tamagawadai, Setagaya Ward, Tokyo	Real estate	1,472.38	1,380	860
	Castalia Sumiyoshi	2-8-11, Sumiyoshi, Koto Ward, Tokyo	Real estate	1,362.60	1,240	814
	Castalia Monzennakacho II	2-2-9, Tomioka, Koto Ward, Tokyo	Real estate	3,038.98	3,300	1,891
	Castalia Oshiage	3-5-2, Mukoujima, Sumida Ward, Tokyo	Real estate	1,785.24	1,390	913
	Castalia Kuramae	3-9-4, Kuramae, Taito Ward, Tokyo	Real estate	1,994.93	1,770	1,104
Castalia Nakanobu	4-7-11, Nakanobu, Shinagawa Ward, Tokyo	Real estate in trust	2,421.82	2,730	1,577	
Royal Parks Toyosu	3-5-21, Toyosu, Koto Ward, Tokyo	Real estate in trust	18,112.03	11,400	5,251	
Castalia Togoshi	5-2-1, Togoshi, Shinagawa Ward, Tokyo	Real estate in trust	2,629.59	2,770	1,568	
Castalia Ooimachi	4-2-11, Ooi, Shinagawa Ward, Tokyo	Real estate	1,413.75	1,810	1,072	
Castalia Omori	1-19-20, Omori kita, Ota Ward, Tokyo	Real estate in trust	2,046.36	2,070	1,355	
Castalia Mishuku	1-3-39, Taishidou, Setagaya Ward, Tokyo	Real estate in trust	2,640.86	2,760	1,744	
Castalia Arakawa	2-3-1, Arakawa, Arakawa Ward, Tokyo	Real estate in trust	3,797.92	2,630	1,465	
Castalia Omori II	1-8-13, Omori kita, Ota Ward, Tokyo	Real estate in trust	2,818.70	3,280	2,206	
Castalia Nakameguro	1-18-7, Aobadai, Meguro Ward, Tokyo	Real estate in trust	3,166.71	5,230	3,687	
Castalia Meguro Chojoamaru	2-8-1, Kamiosaki, Shinagawa Ward, Tokyo	Real estate in trust	2,123.77	2,830	2,012	
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	1,415	
Castalia Meguro Tairamachi	1-23-8, Tairamachi, Meguro Ward, Tokyo	Real estate in trust	1,278.52	1,510	1,155	
Royal Parks SEASIR	1-16-2, Nishiarai Sakae-cho, Adachi Ward, Tokyo	Real estate in trust	17,269.74	5,280	3,497	
Castalia Honkomagome	6-21-2, Honkomagome, Bunkyo Ward, Tokyo	Real estate in trust	2,224.41	2,060	1,430	
Cosmo Heim Musashikosugi	2-8, Kizuki Ise-cho, Nakahara Ward, Kawasaki City, Kanagawa	Real estate in trust	4,208.83	2,430	1,632	
Castalia Tsurumi	3-5-10, Tsurumi Chuo, Tsurumi Ward, Yokohama City, Kanagawa	Real estate in trust	1,452.09	884	576	
Castalia Funabashi	4-4-8, Honcho, Funabashi City, Chiba	Real estate in trust	1,552.01	917	643	
Castalia Nishi Funabashi	4-19-16, Nishi Funa, Funabashi City, Chiba	Real estate in trust	1,597.32	1,100	707	
Castalia Nogeeyama	1-8-1, Hinodecho, Naka Ward, Yokohama City, Kanagawa	Real estate in trust	744.90	412	296	
Castalia Ichikawa	1-24-3, Ichikawa, Ichikawa City, Chiba	Real estate in trust	876.89	654	395	
Royal Parks Hanakoganei	1-8-2, Hanakoganei, Kodaira City, Tokyo	Real estate in trust	18,153.57	6,970	4,362	

# 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 Musashikosugi	2-21, Imaikami-cho, Nakahara Ward, Kawasaki City, Kanagawa	Real estate in trust	2,179.80	2,090	1,584	
	Royal Parks Wakabadai	2-1-1, Wakabadai, Inagi City, Tokyo	Real estate in trust	21,367.93	4,900	3,189	
	Pacific Royal Court Minatomirai Urban Tower	5-3-3, Minatomirai, Nishi Ward, Yokohama City, Kanagawa	Real estate in trust	26,294.49	11,800	6,743	
	L-Place Shinkoyasu	3-298-1, Koyasu-dori, Kanagawa Ward, Yokohama City, Kanagawa	Real estate in trust	3,009.74	2,410	1,528	
	Royal Parks Musashikosugi	13-8, Aza Shinjuku-kochi, Nakamaruko, Nakahara Ward, Kawasaki City, Kanagawa	Real estate in trust	3,808.97	1,390	839	
	Castalia Sakaisuji Honmachi	1-3-7, Kyutarochi, Chuo Ward, Osaka City, Osaka	Real estate in trust	3,471.39	2,150	1,282	
	Castalia Shin-Umeda	6-8-21, Nakatsu, Kita Ward, Osaka City, Osaka	Real estate in trust	3,279.90	1,970	1,180	
	Castalia Abeno	2-4-37, Abeno-Suji, Abeno Ward, Osaka City, Osaka	Real estate	10,920.75	6,700	3,942	
	Castalia Sakae	4-16-10, Sakae, Naka Ward, Nagoya City, Aichi	Real estate	2,836.00	1,410	905	
	Castalia Higashi Hie	5-31, Hie-cho, Hakata Ward, Fukuoka City, Fukuoka	Real estate	3,061.60	1,260	829	
	Castalia Tower Nagahoribashi	1-15-25, Shimanouchi, Chuo Ward, Osaka City, Osaka	Real estate	8,747.40	5,310	2,768	
	Castalia Sannomiya	3-2-31, Isobedori, Chuo Ward, Kobe City, Hyogo	Real estate	3,071.60	1,700	1,023	
	Castalia Kotodaikoen	3-10-24, Kokubun-cho, Aoba Ward, Sendai City, Miyagi	Real estate	1,684.10	615	407	
	Castalia Ichibancho	1-6-27, 1-6-30, Ichibancho, Aoba Ward, Sendai City, Miyagi	Real estate	2,800.32	1,020	646	
	Castalia Omachi	2-5-8, Omachi, Aoba Ward, Sendai City, Miyagi	Real estate	2,149.08	891	552	
	Castalia Uemachidai	4-1-12, Uehonmachi Nishi, Chuo Ward, Osaka City, Osaka	Real estate	5,415.39	3,140	1,941	
	Castalia Tower Higobashi	1-2-24, Tosabori, Nishi Ward, Osaka City, Osaka	Real estate	6,230.20	4,060	2,290	
	Castalia Fushimi	1-8-49, Nishiki, Naka Ward, Nagoya City, Aichi	Real estate in trust	7,022.69	3,330	1,825	
	Castalia Yakuin	2-3-13, Imaizumi, Chuo Ward, Fukuoka City, Fukuoka	Real estate	2,784.83	1,350	848	
	Castalia Mibu	79, Mibu Aiai-cho, Nakagyo Ward, Kyoto City, Kyoto	Real estate in trust	2,828.39	1,710	1,002	
	Castalia Tsutsujigaoka	4-2-35, Shintera, Wakabayashi Ward, Sendai City, Miyagi	Real estate in trust	4,471.11	1,920	1,049	
	Royal Parks Namba	2-2-40, Minato machi, Naniwa Ward, Osaka City, Osaka	Real estate in trust	10,354.15	3,020	2,352	
	Castalia Shigahondori	1-15-2, Wakabadori, Kita Ward, Nagoya City, Aichi	Real estate in trust	5,086.69	2,480	1,436	
	Castalia Kyoto Nishioji	100-1, Shichijyo Goshonouchi Minamimachi, Shimogyo Ward, Kyoto City, Kyoto	Real estate	2,035.37	1,160	948	
	Castalia Ningyocho III	1-2-3, Nihonbashi Ningyocho, Chuo Ward, Tokyo	Real estate in trust	2,897.06	3,100	1,885	
	Royal Parks Umejima	5-25-33, Umeda, Adachi Ward, Tokyo	Real estate in trust	6,828.78	2,470	1,738	
	Castalia Shinsakae II	1-29-21, Shinsakae, Naka Ward, Nagoya City, Aichi	Real estate in trust	4,425.46	2,110	1,713	
	Castalia Sumiyoshi II	1-16-1, Sumiyoshi, Koto Ward, Tokyo	Real estate in trust	1,687.89	1,520	1,506	
	Residential properties – Subtotal				444,613.52	327,167	213,421
	Retail properties	ACROSSMALL Shinkamagaya	2-12-1, Shin-Kamagaya, Kamagaya City, Chiba	Real estate in trust	41,742.84	8,980	7,264
		FOLEO Hirakata	1-20-10, Koyamichi, Hirakata City, Osaka	Real estate in trust	16,385.56	3,730	4,183
		QIZ GATE URAWA	3720, Aza Fudodani, Oaza Nakao, Midori Ward, Saitama City, Saitama	Real estate in trust	9,720.49	4,580	4,050
UNICUS Takasaki		1150-5, Aza Nishikanai, Iizuka-machi, Takasaki City, Gunma	Real estate in trust	9,277.08	3,270	2,863	
ACROSSPLAZA Miyoshi (Land)		855-403, Aza Kitashinno, Oaza Fujikubo, Miyoshi-machi, Iruma District, Saitama	Real estate in trust	24,018.00	3,990	3,740	
DREAM TOWN ALI		3-1-1, Hamada, Aomori City, Aomori	Real estate in trust	22,196.81	8,440	7,643	
ASOBOX (Land)		2-2-16, Nakatsuguchi, Kokura Kita Ward, Kitakyushu City, Fukuoka	Real estate in trust	11,207.90	2,130	1,617	
FOLEO Ome Imai		3-10-9, Imai, Ome City, Tokyo	Real estate in trust	8,637.91	4,030	3,600	
FOLEO Otsu Ichiryama		7-1-1, Ichiryama, Otsu City, Shiga	Real estate in trust	62,917.73	8,710	7,727	
FOLEO Hakata (Note 5)		1-14-46, Higashinaka, Hakata Ward, Fukuoka City, Fukuoka	Real estate in trust	23,230.77	3,720	3,146	
ACROSSMALL Semboku (Land)		5-456-67, Harayamadai, Minami Ward, Sakai City, Osaka	Real estate in trust	30,824.72	3,930	3,383	
ias Tsukuba		5-19, Kenkyugakuen, Tsukuba City, Ibaraki	Real estate in trust	138,900.39	34,900	33,343	
LIFE Sagamihara Wakamatsu		5-19-5, Wakamatsu, Minami Ward, Sagamihara City, Kanagawa	Real estate in trust	2,973.44	1,930	1,626	
FOLEO Sendai Miyanomori		4-14-5, Higashisendai, Miyagino Ward, Sendai City, Miyagi	Real estate in trust	19,845.72	7,630	6,806	
ACROSSPLAZA Inazawa (Land)		5-1-1, Otsuka Minami, Inazawa City, Aichi	Real estate in trust	31,981.70	2,650	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	2,490	2,053	
Hiratsuka Retail Property (Land)		1-2, Kuryozutsumi, Hiratsuka City, Kanagawa	Real estate in trust	28,002.92	6,810	5,857	

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)	
Retail properties	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	785	759	
	FOLEO Shobu	6006-1, Aza Terada, Shobu, Shobucho, Kuki City, Saitama	Real estate in trust	19,104.17	5,350	4,826	
	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	4,850	4,118	
	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	2,658	
	Retail properties – Subtotal				571,008.21	132,475	119,672
	Hotel properties	Daiwa Roynet Hotel Yokohama Kannai	2-7-4, Hagoromocho, Naka Ward, Yokohama City, Kanagawa	Real estate in trust	7,932.37	5,000	4,584
		Super Hotel JR Nara Station Sanjo Street	500-1, Sanjo-cho, Nara City, Nara	Real estate in trust	2,637.18	1,500	1,388
		Daiwa Roynet Hotel Nagoya Shinkansenguchi	1-23, Tsubakicho, Nakamura Ward, Nagoya City, Aichi	Real estate in trust	7,605.41	4,390	5,276
AMANEK Kanazawa		2-25-17, Katamachi, Kanazawa City, Ishikawa	Real estate in trust	7,011.58	5,150	4,935	
Candeo Hotels Nagasaki Shinchi Chinatown		3-12 Doza-machi, Nagasaki City, Nagasaki	Real estate in trust	6,770.65	3,440	2,998	
MIMARU Tokyo Akasaka		7-9-6, Akasaka, Minato Ward, Tokyo	Real estate in trust	1,909.44	3,330	3,135	
MIMARU Tokyo Hatchobori		3-8-8, Nihonbashi Kayabacho, Chuo Ward, Tokyo	Real estate in trust	3,665.15	5,480	5,135	
Hotel properties – Subtotal				37,531.78	28,290	27,455	
Other assets	Urban Living Inage	327-1, Sanno-cho, Inage Ward, Chiba City, Chiba	Real estate in trust	4,177.52	1,340	757	
	Aburatsubo Marina HILLS	1523-1, Aza Shirasu, Misaki-machi Moroiso, Miura City, Kanagawa	Real estate in trust	3,901.14	1,320	972	
	Naha Shin-Toshin Center Building (Daiwa Roynet Hotel Naha-Omoromachi)	1-1-12, Omoromachi, Naha City, Okinawa	Real estate in trust	13,480.00	8,440	6,900	
	Sharp Hiroshima Building	2-13-4, Nishihara, Asaminami Ward, Hiroshima City, Hiroshima	Real estate in trust	3,064.89	2,000	1,759	
	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	1,374	
	GRANODE Hiroshima	3-5-7, Futabanosato, Higashi Ward, Hiroshima City, Hiroshima	Real estate in trust	29,915.08	33,000	27,734	
	Other – Subtotal				55,884.23	47,480	39,498
Total				3,217,720.61	1,097,552	849,092	

- (Notes)
- "Location" means displayed address of each real estate or each real estate in trust. If a property does not have a displayed address, the address of the building in the register (when there is more than one address, any of them) is shown. For land properties, the address of the land in the register is shown as location.
  - "Leasable area" means the leasable area of the building (or land in the case of land properties) in relation to each real estate or each real estate in trust and the figures stated refer to the area DHR believes is leasable as indicated in the relevant lease agreement or drawing of the building, etc. in relation to each real estate or each real estate in trust as of February 29, 2024. In the cases of each co-owned real estate or quasi co-owned trust beneficiary interests, the leasable area of the entire real estate multiplied by the ratio of co-ownership of the real estate or quasi co-ownership of the trust beneficiary interests in real estate held by DHR is provided.
  - "Assessed value at the end of period" is the appraisal value as of February 29, 2024 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 February 29, 2024 (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	35th period (From March 1, 2023 to August 31, 2023)			36th period (From September 1, 2023 to February 29, 2024)		
		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)
		D Project Machida	100.0	(Note 3)	(Note 3)	100.0	(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	136,880	0.5	100.0	136,871	0.5	
D Project Tosu	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)	
D Project Kuki I	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)	
D Project Kuki II	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)	
D Project Kawagoe I	100.0	102,933	0.3	100.0	102,933	0.3	
D Project Kawagoe II	100.0	142,536	0.5	100.0	142,611	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)	
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	

Asset class	Property name	35th period (From March 1, 2023 to August 31, 2023)			36th period (From September 1, 2023 to February 29, 2024)		
		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)
		D Project Kuki VIII	100.0	(Note 3)	(Note 3)	100.0	(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)	
D Project Kadoma I	–	–	–	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	13,868,661	46.9	100.0	13,778,571	46.5
Qiz Ebisu		96.6	240,362	0.8	95.7	240,820	0.8
Castalia Azabujuban Shichimenzaka		95.5	119,396	0.4	95.3	116,466	0.4
Castalia Shibakoen		94.9	69,368	0.2	100.0	73,291	0.2
Castalia Ginza		93.8	70,316	0.2	97.3	70,265	0.2
Castalia Hiroo		96.4	53,396	0.2	100.0	52,416	0.2
Castalia Nihonbashi		93.4	40,768	0.1	98.2	40,674	0.1
Castalia Hacchobori		94.6	70,758	0.2	100.0	69,191	0.2
Castalia Azabujuban		95.9	74,332	0.3	98.4	74,918	0.3
Castalia Azabujuban II		90.5	62,655	0.2	95.7	64,027	0.2
Castalia Shinjuku Natsumezaka		98.5	48,410	0.2	97.7	49,109	0.2
Castalia Ginza II		97.2	53,749	0.2	98.5	54,257	0.2
Castalia Shibuya Sakuragaoka		100.0	35,490	0.1	95.0	37,130	0.1
Castalia Nishi Azabu Kasumicho		100.0	80,303	0.3	96.0	79,045	0.3
Castalia Ochanomizu		100.0	59,863	0.2	96.4	63,746	0.2
Castalia Sangubashi		100.0	49,725	0.2	100.0	49,992	0.2
Castalia Suitengu		97.1	48,343	0.2	100.0	49,036	0.2
Castalia Suitengu II		100.0	42,739	0.1	100.0	44,108	0.1
Castalia Shintomicho		97.7	35,149	0.1	100.0	35,970	0.1
Castalia Shintomicho II		97.3	31,164	0.1	100.0	30,930	0.1
Castalia Harajuku		95.1	27,534	0.1	95.1	28,230	0.1
Castalia Yoyogi Uehara		100.0	23,393	0.1	100.0	22,960	0.1
Castalia Sendagaya		95.8	21,679	0.1	79.5	18,002	0.1
Castalia Shinjuku 7 chome		100.0	19,844	0.1	100.0	20,190	0.1
Castalia Ningyocho		95.0	40,269	0.1	96.8	40,795	0.1
Castalia Ningyocho II		100.0	42,369	0.1	100.0	42,193	0.1
Castalia Shin-Ochanomizu		100.0	34,414	0.1	100.0	34,378	0.1
Castalia Higashi Nihonbashi II		98.8	53,476	0.2	98.5	54,103	0.2
Castalia Jinbocho		100.0	43,780	0.1	98.2	44,057	0.1
Castalia Shintomicho III		95.6	23,924	0.1	100.0	25,020	0.1
Castalia Shinjuku Gyoen		100.0	83,787	0.3	100.0	83,818	0.3
Castalia Takanawadai		100.0	31,010	0.1	100.0	30,548	0.1
Castalia Higashi Nihonbashi III		100.0	24,352	0.1	100.0	24,336	0.1
Castalia Shinjuku Gyoen II		100.0	16,637	0.1	96.3	16,386	0.1
Castalia Shintomicho IV		100.0	16,810	0.1	100.0	17,134	0.1
Castalia Takanawadai II		94.3	36,151	0.1	98.0	39,541	0.1
Castalia Minami Azabu		94.2	21,181	0.1	96.0	22,230	0.1
Castalia Ginza III		98.3	90,458	0.3	98.7	89,826	0.3
Castalia Kayabacho		96.6	103,174	0.3	98.8	105,380	0.4
Castalia Takanawa		97.4	264,579	0.9	97.8	266,446	0.9
Castalia Higashi Nihonbashi		99.1	150,058	0.5	97.4	149,475	0.5

I. Asset Management Report

Asset class	Property name	35th period (From March 1, 2023 to August 31, 2023)			36th period (From September 1, 2023 to February 29, 2024)		
		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)
	Castalia Shinjuku	100.0	92,554	0.3	100.0	92,570	0.3
	Castalia Ichigaya	100.0	44,589	0.2	89.8	40,842	0.1
	Shibaura Island Bloom Tower	96.5	410,620	1.4	96.3	408,839	1.4
	Castalia Hatsudai	96.5	69,972	0.2	98.8	69,725	0.2
	Castalia Hatsudai II	89.1	60,378	0.2	98.8	60,341	0.2
	Castalia Ebisu	88.9	44,061	0.1	100.0	43,825	0.1
	Castalia Meguro Kamurozaka	96.6	132,691	0.4	99.1	133,196	0.4
	Castalia Toritsudaigaku	100.0	18,602	0.1	96.9	19,836	0.1
	Castalia Yukigaya	94.8	35,160	0.1	94.7	35,840	0.1
	Castalia Yutenji	100.0	37,039	0.1	97.4	38,296	0.1
	Castalia Otsuka	93.3	47,880	0.2	97.1	48,399	0.2
	Castalia Kikukawa	94.1	27,604	0.1	100.0	27,229	0.1
	Castalia Meguro	100.0	34,283	0.1	95.8	35,720	0.1
	Castalia Otsuka II	100.0	38,888	0.1	100.0	39,584	0.1
	Castalia Jiyugaoka	95.6	40,035	0.1	94.6	38,943	0.1
	Castalia Mejiro	96.2	35,096	0.1	100.0	34,427	0.1
	Castalia Ikebukuro	96.0	87,924	0.3	97.7	89,262	0.3
	Castalia Kaname-cho	98.6	40,553	0.1	100.0	41,114	0.1
	Castalia Tower Shinagawa Seaside	96.7	295,965	1.0	97.9	296,906	1.0
	Castalia Yakumo	100.0	23,900	0.1	100.0	23,934	0.1
	Castalia Togoshiekimae	100.0	55,551	0.2	100.0	53,726	0.2
	Castalia Honjo Azumabashi	100.0	41,213	0.1	100.0	40,034	0.1
	Castalia Kitazawa	93.4	25,968	0.1	100.0	28,322	0.1
	Castalia Monzennakacho	100.0	17,670	0.1	100.0	17,700	0.1
	Castalia Kamiikedai	60.6	3,916	0.0	24.9	4,209	0.0
	Castalia Morishita	97.8	33,548	0.1	100.0	34,207	0.1
	Castalia Wakabayashiko	95.7	28,926	0.1	100.0	28,260	0.1
	Castalia Asakusabashi	92.5	33,767	0.1	98.0	34,843	0.1
	Castalia Iriya	100.0	24,156	0.1	100.0	24,985	0.1
	Castalia Kita Ueno	98.4	96,498	0.3	100.0	96,811	0.3
	Castalia Morishita II	97.6	28,602	0.1	100.0	29,110	0.1
	Castalia Minowa	97.3	52,593	0.2	99.0	52,958	0.2
	Castalia Oyamadai	100.0	17,360	0.1	100.0	17,377	0.1
	Castalia Nakano	97.7	37,884	0.1	97.7	36,937	0.1
	Castalia Yoga	91.0	33,138	0.1	98.3	33,605	0.1
	Castalia Sumiyoshi	95.3	33,987	0.1	100.0	34,114	0.1
	Castalia Monzennakacho II	100.0	69,829	0.2	100.0	69,308	0.2
	Castalia Oshiage	97.7	41,850	0.1	100.0	38,727	0.1
	Castalia Kuramae	100.0	43,807	0.1	100.0	43,831	0.1
	Castalia Nakanobu	96.8	65,780	0.2	94.0	69,506	0.2
	Royal Parks Toyosu	100.0	346,006	1.2	100.0	345,831	1.2
	Castalia Togoshi	97.4	74,726	0.3	98.2	74,185	0.3
	Castalia Ooimachi	100.0	41,818	0.1	100.0	41,143	0.1
	Castalia Omori	100.0	51,783	0.2	100.0	52,289	0.2
	Castalia Mishuku	100.0	72,472	0.2	98.9	71,036	0.2
	Castalia Arakawa	98.4	69,851	0.2	98.4	69,792	0.2
	Castalia Omori II	96.3	80,784	0.3	98.5	80,936	0.3
	Castalia Nakameguro	93.9	119,130	0.4	94.7	117,958	0.4
	Castalia Meguro Chojyamaru	94.0	64,558	0.2	100.0	64,573	0.2
	Castalia Meguro Takaban	88.8	52,709	0.2	98.4	52,674	0.2
	Castalia Omori III	95.0	47,897	0.2	98.3	49,001	0.2
	Castalia Meguro Tairamachi	94.3	34,229	0.1	100.0	34,278	0.1
	Royal Parks SEASIR	100.0	248,634	0.8	100.0	249,030	0.8
	Castalia Honkomagome	97.7	51,520	0.2	96.6	51,811	0.2
	Cosmo Heim Musashikosugi	100.0	60,208	0.2	100.0	60,164	0.2
	Castalia Tsurumi	100.0	30,610	0.1	100.0	30,252	0.1

Residential properties

Asset class	Property name	35th period (From March 1, 2023 to August 31, 2023)			36th period (From September 1, 2023 to February 29, 2024)		
		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)
	Castalia Funabashi	96.6	31,793	0.1	94.2	31,020	0.1
	Castalia Nishi Funabashi	98.8	35,129	0.1	98.8	34,049	0.1
	Castalia Nogeiyama	93.3	15,371	0.1	96.7	14,642	0.0
	Castalia Ichikawa	100.0	19,692	0.1	100.0	19,680	0.1
	Royal Parks Hanakoganei	100.0	246,546	0.8	100.0	246,848	0.8
	Castalia Musashikosugi	94.4	56,732	0.2	98.9	57,642	0.2
	Royal Parks Wakabadai	100.0	261,681	0.9	100.0	262,326	0.9
	Pacific Royal Court Minatomirai Urban Tower	100.0	530,462	1.8	100.0	530,460	1.8
	L-Place Shinkoyasu	100.0	56,868	0.2	100.0	56,803	0.2
	Royal Parks Musashikosugi	100.0	69,548	0.2	100.0	69,504	0.2
	Castalia Sakaisuji Honmachi	92.8	60,265	0.2	99.1	65,901	0.2
	Castalia Shin-Umeda	99.2	54,613	0.2	100.0	55,778	0.2
	Castalia Abeno	99.4	182,898	0.6	98.0	182,325	0.6
	Castalia Sakae	89.3	44,028	0.1	94.8	43,286	0.1
	Castalia Higashi Hie	100.0	45,098	0.2	99.2	44,712	0.2
	Castalia Tower Nagahoribashi	96.2	165,978	0.6	98.8	165,521	0.6
	Castalia Sannomiya	92.8	52,266	0.2	99.1	52,886	0.2
	Castalia Kotodaikoen	98.2	24,169	0.1	98.2	24,074	0.1
	Castalia Ichibancho	93.8	38,095	0.1	98.4	38,818	0.1
	Castalia Omachi	98.6	32,134	0.1	97.2	32,364	0.1
	Castalia Uemachidai	97.2	93,165	0.3	100.0	96,278	0.3
	Castalia Tower Higobashi	95.6	130,647	0.4	97.8	129,386	0.4
	Castalia Fushimi	93.7	103,569	0.4	95.0	103,636	0.3
	Castalia Meieki Minami (Note 4)	-	4,966	-	-	-	-
	Castalia Yakuin	97.5	43,981	0.1	98.3	44,064	0.1
	Castalia Mibu	95.1	48,295	0.2	96.3	47,551	0.2
	Castalia Tsutsujigaoka	96.4	57,946	0.2	94.4	59,485	0.2
	Royal Parks Namba	100.0	140,353	0.5	100.0	140,426	0.5
	Castalia Shigahondori	95.5	74,275	0.3	97.2	74,949	0.3
	Castalia Kyoto Nishioji	97.5	33,991	0.1	95.0	33,269	0.1
	Castalia Ningyocho III	99.0	72,633	0.2	99.0	71,456	0.2
	Royal Parks Umejima	100.0	104,684	0.4	100.0	103,589	0.3
	Castalia Shinsakae II	100.0	59,966	0.2	100.0	59,926	0.2
	Castalia Sumiyoshi II	97.2	34,138	0.1	93.2	35,663	0.1
	Residential properties – Subtotal	97.8	9,331,977	31.6	98.5	9,351,170	31.5
	ACROSSMALL Shinkamagaya	100.0	280,500	0.9	100.0	280,500	0.9
	FOLEO Hirakata	94.3	245,933	0.8	94.3	239,573	0.8
	QIZ GATE URAWA	100.0	204,629	0.7	100.0	226,281	0.8
	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	94,295	0.3
	DREAM TOWN ALI	99.7	355,498	1.2	99.7	359,204	1.2
	ASOBOX (Land)	100.0	47,088	0.2	100.0	47,088	0.2
	FOLEO Ome Imai	100.0	128,829	0.4	100.0	128,820	0.4
	FOLEO Otsu Ichiryama	100.0	323,463	1.1	100.0	322,620	1.1
	FOLEO Hakata	100.0	126,816	0.4	100.0	126,816	0.4
	ACROSSMALL Semboku (Land)	100.0	90,612	0.3	100.0	90,612	0.3
	iias Tsukuba	100.0	1,094,509	3.7	100.0	1,075,000	3.6
	LIFE Sagamiyama Wakamatsu	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	FOLEO Sendai Miyanomori	100.0	239,477	0.8	100.0	239,274	0.8
	ACROSSPLAZA Inazawa (Land)	100.0	69,840	0.2	100.0	69,840	0.2
	Sports Depo and GOLF5 Kokurahigashi IC Store	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)

Retail properties



Asset class	Property name	35th period (From March 1, 2023 to August 31, 2023)			36th period (From September 1, 2023 to February 29, 2024)		
		Occupancy rate (as of the end of period) (%) (Note 1)	Rental revenues (during the period) (Yen in thousands)	Rate to total real estate rental revenues (%) (Note 2)	Occupancy rate (as of the end of period) (%) (Note 1)	Rental revenues (during the period) (Yen in thousands)	Rate to total real estate rental revenues (%) (Note 2)
Retail properties	Hiratsuka Retail Property (Land)	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	Royal Home Center Morinomiya (Land)	100.0	104,880	0.4	100.0	105,960	0.4
	Aoyama Tailor Bunkyo Sengoku Ekimae Store	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	FOLEO Shobu	100.0	157,776	0.5	100.0	157,776	0.5
	Hapias Kaita (Land)	100.0	38,550	0.1	100.0	38,766	0.1
	COMBOX310	100.0	151,500	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	4,254,585	14.4	99.8	4,254,291	14.4
Hotel properties	Daiwa Roynet Hotel Yokohama Kannai	100.0	156,094	0.5	100.0	157,200	0.5
	Super Hotel JR Nara Station Sanjo Street	100.0	49,608	0.2	100.0	49,038	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	100.0	69,669	0.2
	MIMARU Tokyo Hatchobori	–	–	–	100.0	114,438	0.4
	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	345,474	1.2	100.0	348,032	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	98.6	1,027,803	3.5	100.0	1,000,657	3.4
	Other – Subtotal	99.2	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
<b>Total</b>	<b>99.6</b>	<b>29,570,814</b>	<b>100.0</b>	<b>99.8</b>	<b>29,643,403</b>	<b>100.0</b>	

(Notes) 1. "Occupancy rate (as of the end of period)" is the leased area expressed as a percentage of the leasable area of each real estate or each real estate in trust as of August 31, 2023 and February 29, 2024, 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 February 29, 2024.

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	61,400,000	58,400,000	922,792
	<b>Total</b>	<b>61,400,000</b>	<b>58,400,000</b>	<b>922,792</b>

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

#### (7) Status of Other Assets

Real estate and trust beneficiary interests in real estate are all listed in "(3) Description of Portfolio" presented earlier in this report. The following are other specified assets as of February 29, 2024.

(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	9,532	–	–	8,661	(871)	Deposited as business security deposit	
<b>Total</b>		<b>10,000</b>	<b>9,532</b>	<b>–</b>	<b>–</b>	<b>8,661</b>	<b>(871)</b>		

#### (8) Holding of Assets by Country and Region

Not applicable.

## 4. Capital Expenditures for Properties Held

### (1) Schedule of Capital Expenditures

The following table shows major scheduled capital expenditures for planned renovation work, etc. for owned properties (real estate, real estate in trust, etc.) as of February 29, 2024. 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 Kawagoe I (Kawagoe City, Saitama)	Exterior wall repair work	From April 2024 to June 2024	57,024	–	–
D Project Kaminokawa (Kawachi District, Tochigi)	Formation of fire compartments	From August 2023 to March 2024	736,417	368,500	589,600
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	29,920	29,920
DPL Fukuoka Kasuya (Kasuya District, Fukuoka)	Renewal of disaster prevention equipment	From May 2024 to August 2024	117,040	–	–
Castalia Shinjuku (Shinjuku Ward, Tokyo)	Large-scale renovations	From February 2024 to August 2024	122,980	–	–
Castalia Kaname-cho (Toshima Ward, Tokyo)	Intercom renewal	From July 2024 to August 2024	15,404	–	–
Royal Parks Toyosu (Koto Ward, Tokyo)	Large-scale renovations	From February 2024 to March 2025	616,000	–	–
Castalia Tower Nagahoribashi (Osaka City, Osaka)	Large-scale renovations	From September 2023 to August 2024	298,100	–	–
Castalia Kotodaikoen (Sendai City, Miyagi)	Replacement of water supply pump	From February 2025 to February 2025	6,578	–	–
Castalia Omachi (Sendai City, Miyagi)	Large-scale renovations	From April 2024 to October 2024	104,500	–	–
Castalia Yakuin (Fukuoka City, Fukuoka)	Preventive maintenance of mechanical parking equipment	From January 2025 to February 2025	11,871	–	–
ACROSSMALL Shinkamagaya (Kamagaya City, Chiba)	Exterior wall painting second phase	From September 2023 to March 2024	139,700	75,900	75,900
	Replacement of outdoor-air handling units	From February 2024 to August 2024	76,780	–	–
	Replacement of central monitor device	From May 2024 to August 2024	57,530	–	–
FOLEO Otsu Ichiriyama (Otsu City, Shiga)	Replacement of HVAC second phase	From October 2024 to December 2024	136,521	–	–
	Replacement of fire alarm monitor and disaster response monitor	From January 2024 to July 2024	93,500	–	–
iiias Tsukuba (Tsukuba City, Ibaraki)	Exterior wall repair work phase III	From February 2024 to August 2024	217,470	–	–

### (2) Capital Expenditures during the Period

For owned properties (real estate, real estate in trust, etc.), an overview of major construction work conducted during the current fiscal period that falls into DHR's capital expenditures is as follows: Capital expenditures during the current fiscal period were ¥2,368,633 thousand together with ¥913,272 thousand in repairs and maintenance expenses and ¥225,970 thousand in restoration costs classified as expenses for the current fiscal period, making a total of ¥3,507,876 thousand in construction work.

Property name (Location)	Purpose	Period	Construction cost (Yen in thousands)
D Project Kuki II (Kuki City, Saitama)	Installation of cubicles	From July 2023 to October 2023	179,139
D Project Kuki II (Kuki City, Saitama)	Replacement of HVAC	From July 2023 to October 2023	308,981
D Project Urayasu III (Urayasu City, Chiba)	Replacement of indoor and outdoor fire hydrant pipes	From October 2023 to February 2024	101,788
Castalia Higashi Nihonbashi III (Chuo Ward, Tokyo)	Intercom renewal	From January 2024 to February 2024	10,605
Castalia Morishita II (Koto Ward, Tokyo)	Large-scale renovations	From September 2023 to February 2024	36,634
Castalia Togoshi (Shinagawa Ward, Tokyo)	Large-scale renovations	From September 2023 to February 2024	91,851
Castalia Mishuku (Setagaya Ward, Tokyo)	Large-scale renovations	From September 2023 to February 2024	29,812
Castalia Musashikosugi (Kawasaki City, Kanagawa)	Large-scale renovations	From September 2023 to February 2024	17,480
Castalia Sakae (Nagoya City, Aichi)	Large-scale renovations	From September 2023 to February 2024	31,035
Castalia Higashi Hie (Fukuoka City, Fukuoka)	Intercom renewal	From September 2023 to September 2023	18,115
Castalia Yakuin (Fukuoka City, Fukuoka)	Intercom renewal	From September 2023 to September 2023	16,435
ACROSSMALL Shinkamagaya (Kamagaya City, Chiba)	Replacement of HVAC (first phase)	From November 2023 to January 2024	100,122

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

DHR accumulates 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	32nd period	33rd period	34th period	35th period	36th period
	From September 1, 2021 to February 28, 2022	From March 1, 2022 to August 31, 2022	From September 1, 2022 to February 28, 2023	From March 1, 2023 to August 31, 2023	From September 1, 2023 to February 29, 2024
Balance of reserves at the beginning of period	1,506,595	1,520,675	1,534,755	1,548,835	1,562,915
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	1,520,675	1,534,755	1,548,835	1,562,915	1,576,995

(Yen in thousands)

## 5. Expenses and Liabilities

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

(Yen in thousands)

Item	35th period From March 1, 2023 to August 31, 2023	36th period From September 1, 2023 to February 29, 2024
Asset management fees (Note)	1,916,817	1,932,569
Asset custody fees	38,349	38,360
Administrative service fees	93,730	95,013
Directors' remuneration	6,720	6,720
Other expenses	458,395	415,507
<b>Total</b>	<b>2,514,013</b>	<b>2,488,171</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. For the 36th period, there were a management fee for property acquisition included in the cost of acquisition of individual investment properties, etc. of ¥33,370 thousand and a management fee for disposition of properties of ¥10 thousand.

### (2) Debt Financing

The status of loans per financial institution as of February 29, 2024 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
Short-term loans								
	Sumitomo Mitsui Banking Corporation		–	1,000,000				
	Sumitomo Mitsui Trust Bank, Limited	October 2, 2023	–	1,000,000	0.23%	September 30, 2024	Bullet repayment	(Note 5) Unsecured and non-guaranteed
	Mizuho Bank, Ltd.		–	1,000,000				
	Resona Bank, Limited		–	1,000,000				
<b>Subtotal</b>		–	–	4,000,000	–	–	–	–
	Nippon Life Insurance Company	September 30, 2014	1,000,000	–	1.00% (Note 3)	September 29, 2023	Bullet repayment	(Note 4) Unsecured and non-guaranteed
	Development Bank of Japan Inc.	January 30, 2015	2,000,000	–	0.88% (Note 3)	January 31, 2024	Bullet repayment	(Note 6) Unsecured and non-guaranteed
	Sumitomo Mitsui Banking Corporation		1,000,000	–				
	Sumitomo Mitsui Trust Bank, Limited	April 1, 2015	1,000,000	–	0.99% (Note 2)	October 2, 2023	Bullet repayment	(Note 4) Unsecured and non-guaranteed
	Mizuho Bank, Ltd.		1,000,000	–				
	Resona Bank, Limited		1,000,000	–				
	Mizuho Bank, Ltd.		4,000,000	–				
	Sumitomo Mitsui Trust Bank, Limited	March 31, 2017	4,000,000	–	0.57% (Note 3)	September 29, 2023	Bullet repayment	(Note 5) Unsecured and non-guaranteed
	MUFG Bank, Ltd.		1,000,000	–				
	Mizuho Trust & Banking Co., Ltd.		1,000,000	–				
Current portion of long-term loans	The Dai-ichi Life Insurance Company, Limited	September 27, 2018	1,000,000	–	0.43% (Note 3)	September 29, 2023	Bullet repayment	(Note 4) Unsecured and non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited		900,000	–				
	MUFG Bank, Ltd.		1,900,000	–				
	Sumitomo Mitsui Banking Corporation	March 31, 2020	900,000	–				
	Mizuho Bank, Ltd.		900,000	–	0.26%	September 29, 2023	Bullet repayment	(Note 5) Unsecured and non-guaranteed
	Resona Bank, Limited		800,000	–				
	The Norinchukin Bank		500,000	–				
	The Chiba Bank, Ltd.		500,000	–				
	SBI Shinsei Bank, Limited		300,000	–				
		Sumitomo Mitsui Banking Corporation		1,000,000	1,000,000			
	MUFG Bank, Ltd.	April 1, 2014	1,000,000	1,000,000	1.52% (Note 2)	April 1, 2024	Bullet repayment	(Note 4) Unsecured and non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited		500,000	500,000				
	Development Bank of Japan Inc.		500,000	500,000				
	MUFG Bank, Ltd.		2,800,000	2,800,000				
	Sumitomo Mitsui Trust Bank, Limited		1,800,000	1,800,000				
	Sumitomo Mitsui Banking Corporation	September 30, 2016	1,800,000	1,800,000	0.48% (Note 3)	March 29, 2024	Bullet repayment	(Note 5) Unsecured and non-guaranteed
	Mizuho Bank, Ltd.		1,800,000	1,800,000				
	Aozora Bank, Ltd.		1,500,000	1,500,000				
	Resona Bank, Limited		900,000	900,000				
	SBI Shinsei Bank, Limited		400,000	400,000				

Classification	Borrowing date	Balance at the beginning of period (Yen in thousands)	Balance at the end of period (Yen in thousands)	Average interest rate (Note 1)	Repayment date	Method of repayment	Use	Note
Mitsui Sumitomo Insurance Company, Limited	March 9, 2017	1,000,000	1,000,000	0.55% (Note 3)	March 29, 2024	Bullet repayment	(Note 7)	Unsecured and non-guaranteed
Sumitomo Mitsui Trust Bank, Limited		500,000	500,000					
Sumitomo Mitsui Banking Corporation		1,500,000	1,500,000					
Mizuho Bank, Ltd.	April 10, 2018	1,000,000	1,000,000	0.52% (Note 3)	April 30, 2024	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
Aozora Bank, Ltd.		500,000	500,000					
The Norinchukin Bank		500,000	500,000					
SBI Shinsei Bank, Limited		500,000	500,000					
Shinkin Central Bank		500,000	500,000					
Nippon Life Insurance Company	September 28, 2015	–	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					
The Norinchukin Bank		–	1,100,000					
Sumitomo Mitsui Trust Bank, Limited		–	1,000,000					
SBI Shinsei Bank, Limited		–	1,000,000					
Shinkin Central Bank	April 10, 2019	–	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					
The Chiba Bank, Ltd.		–	500,000					
The 77 Bank, Ltd.		–	500,000					
The Nishi-Nippon City Bank, Ltd.		–	500,000					
The Iyo Bank, Ltd.		–	500,000					
The Chugoku Bank, Limited		–	500,000					
Sumitomo Mitsui Trust Bank, Limited		–	500,000					
The Norinchukin Bank		–	1,000,000					
The 77 Bank, Ltd.		–	700,000					
The Chugoku Bank, Limited		–	700,000					
Nippon Life Insurance Company	April 3, 2020	–	600,000	0.35% (Note 3)	October 31, 2024	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
Sumitomo Mitsui Banking Corporation		–	500,000					
MUFG Bank, Ltd.		–	500,000					
Mizuho Bank, Ltd.		–	500,000					
The Chiba Bank, Ltd.		–	500,000					
The Iyo Bank, Ltd.		–	500,000					
Subtotal	–	44,700,000	35,100,000	–	–	–	–	–

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		500,000	500,000					
MUFG Bank, Ltd.	April 1, 2014	500,000	500,000	2.03% (Note 2)	April 1, 2026	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
Sumitomo Mitsui Trust Bank, Limited		500,000	500,000					
Development Bank of Japan Inc.		500,000	500,000					
Sumitomo Mitsui Banking Corporation		1,000,000	1,000,000					
Sumitomo Mitsui Trust Bank, Limited	April 1, 2015	1,000,000	1,000,000	1.23% (Note 2)	October 1, 2025	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
MUFG Bank, Ltd.		1,000,000	1,000,000					
Mizuho Bank, Ltd.		1,000,000	1,000,000					
MUFG Bank, Ltd.	April 1, 2015	3,000,000	3,000,000	1.18% (Note 3)	October 1, 2025	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
Development Bank of Japan Inc.	April 1, 2015	1,500,000	1,500,000	1.46% (Note 3)	April 1, 2027	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
Nippon Life Insurance Company	September 28, 2015	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		1,000,000	1,000,000					
MUFG Bank, Ltd.	November 30, 2015	1,000,000	1,000,000	1.09% (Note 2)	May 29, 2026	Bullet repayment	(Note 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		1,500,000	1,500,000					
Sumitomo Mitsui Trust Bank, Limited		1,500,000	1,500,000					
MUFG Bank, Ltd.		2,000,000	2,000,000					
Mizuho Bank, Ltd.	September 28, 2016	1,500,000	1,500,000	0.63% (Note 3)	September 29, 2025	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
Resona Bank, Limited		500,000	500,000					
Mizuho Trust & Banking Co., Ltd.		500,000	500,000					
SBI Shinsei Bank, Limited		500,000	500,000					
Shinkin Central Bank		500,000	500,000					
The Bank of Fukuoka, Ltd.		500,000	500,000					
Development Bank of Japan Inc.	September 28, 2016	1,000,000	1,000,000	0.69% (Note 3)	September 28, 2026	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
Sumitomo Mitsui Banking Corporation		3,000,000	3,000,000					
Mizuho Bank, Ltd.	November 29, 2016	3,000,000	3,000,000	0.87% (Note 3)	November 30, 2026	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
MUFG Bank, Ltd.		5,000,000	5,000,000					
Sumitomo Mitsui Trust Bank, Limited		3,000,000	3,000,000					
Resona Bank, Limited		1,000,000	1,000,000					

Long-term loans

# I. Asset Management Report

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
Development Bank of Japan Inc.	March 9, 2017	2,000,000	2,000,000	0.85% (Note 3)	March 31, 2027	Bullet repayment	(Note 7)	Unsecured and non-guaranteed
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

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
Development Bank of Japan Inc.	April 10, 2018	2,000,000	2,000,000	0.65% (Note 3)	April 30, 2026	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
Sumitomo Mitsui Trust Bank, Limited		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
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

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	–					
The Norinchukin Bank		1,100,000	–					
Sumitomo Mitsui Trust Bank, Limited		1,000,000	–					
SBI Shinsei Bank, Limited		1,000,000	–					
Shinkin Central Bank	April 10, 2019	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	–					
The Chiba Bank, Ltd.		500,000	–					
The 77 Bank, Ltd.		500,000	–					
The Nishi-Nippon City Bank, Ltd.		500,000	–					
The Iyo Bank, Ltd.		500,000	–					
The Chugoku Bank, Limited		500,000	–					
Sumitomo Mitsui Banking Corporation			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		1,000,000	1,000,000					
MUFG Bank, Ltd.	January 31, 2020	1,000,000	1,000,000	0.46% (Note 3)	July 30, 2027	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
Mizuho Bank, Ltd.		1,000,000	1,000,000					
The Norinchukin Bank		1,000,000	1,000,000					
Mizuho Trust & Banking Co., Ltd.		500,000	500,000					
The Yamaguchi Bank, Ltd.		500,000	500,000					
Sumitomo Mitsui Banking Corporation			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
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	–					
The Norinchukin Bank		1,000,000	–					
The 77 Bank, Ltd.		700,000	–					
The Chugoku Bank, Limited		700,000	–					
Nippon Life Insurance Company	April 3, 2020	600,000	–	0.35% (Note 3)	October 31, 2024	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
Sumitomo Mitsui Banking Corporation		500,000	–					
MUFG Bank, Ltd.		500,000	–					
Mizuho Bank, Ltd.		500,000	–					
The Chiba Bank, Ltd.		500,000	–					
The Iyo Bank, Ltd.		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		2,000,000	2,000,000					
Mizuho Bank, Ltd.	April 3, 2020	2,000,000	2,000,000	0.62% (Note 2)	April 30, 2030	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
Mizuho Trust & Banking Co., Ltd.		1,000,000	1,000,000					
The Bank of Kyoto, Ltd.		500,000	500,000					
The Yamanashi Chuo Bank, Ltd.		500,000	500,000					
The Dai-ichi Life Insurance Company, Limited	September 30, 2020	1,000,000	1,000,000	0.44% (Note 3)	March 31, 2026	Bullet repayment	(Note 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.	September 3, 2021	1,000,000	1,000,000	0.56% (Note 3)	August 29, 2031	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 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

# I. Asset Management Report

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 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					
Sumitomo Mitsui Banking Corporation	September 28, 2022	1,000,000	1,000,000	0.96% (Note 3)	September 30, 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	October 3, 2022	1,000,000	1,000,000	0.87% (Note 3)	September 30, 2030	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
Mizuho Bank, Ltd.		1,000,000	1,000,000					
The Norinchukin Bank		1,000,000	1,000,000					
Sumitomo Mitsui Banking Corporation		1,300,000	1,300,000					
MUFG Bank, Ltd.		2,700,000	2,700,000					
Resona Bank, Limited	December 28, 2022	1,400,000	1,400,000	1.26% (Note 3)	December 26, 2031	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
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					
Sumitomo Mitsui Trust Bank, Limited	March 27, 2023	2,000,000	2,000,000	0.80% (Note 3)	March 29, 2030	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
Sumitomo Mitsui Banking Corporation		1,700,000	1,700,000					
MUFG Bank, Ltd.		2,700,000	2,700,000					
Sumitomo Mitsui Trust Bank, Limited	March 31, 2023	1,700,000	1,700,000	0.99% (Note 3)	September 30, 2031	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
Mizuho Bank, Ltd.		1,700,000	1,700,000					
Aozora Bank, Ltd.		1,500,000	1,500,000					
Resona Bank, Limited		800,000	800,000					
SBI Shinsei Bank, Limited		300,000	300,000					
Mitsui Sumitomo Insurance Company, Limited	March 31, 2023	1,000,000	1,000,000	0.62% (Note 3)	September 29, 2028	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
Sumitomo Mitsui Banking Corporation		1,000,000	1,000,000					
Mizuho Bank, Ltd.	May 31, 2023	1,000,000	1,000,000	1.03% (Note 3)	May 31, 2032	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					
Nippon Life Insurance Company	September 29, 2023	–	1,000,000	0.75% (Note 3)	September 30, 2027	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
Mizuho Bank, Ltd.		–	4,000,000					
Sumitomo Mitsui Trust Bank, Limited	September 29, 2023	–	4,000,000	1.08% (Note 3)	September 30, 2030	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
MUFG Bank, Ltd.		–	1,000,000					
Mizuho Trust & Banking Co., Ltd.		–	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 Trust Bank, Limited		–	900,000					
MUFG Bank, Ltd.		–	1,900,000					
Sumitomo Mitsui Banking Corporation	September 29, 2023	–	900,000	1.32% (Note 3)	September 30, 2032	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
Mizuho Bank, Ltd.		–	900,000					
Resona Bank, Limited		–	800,000					
The Norinchukin Bank		–	500,000					
The Chiba Bank, Ltd.		–	500,000					
SBI Shinsei Bank, Limited		–	300,000					
The Dai-ichi Life Insurance Company, Limited	September 29, 2023	–	1,000,000	1.40% (Note 3)	September 30, 2033	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
SBI Shinsei Bank, Limited	October 2, 2023	–	1,000,000	1.30% (Note 3)	March 31, 2032	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
Kansai Mirai Bank, Limited	October 2, 2023	–	1,000,000	1.30% (Note 3)	March 31, 2032	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
Development Bank of Japan Inc.	January 31, 2024	–	2,000,000	1.43% (Note 3)	January 31, 2034	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
Subtotal		–	318,850,000	–	–	–	–	–
Total		–	363,550,000	–	–	–	–	–

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



(3) Investment Corporation Bonds

The status of investment corporation bonds issued as of February 29, 2024 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			
	Date of acquisition	Acquisition price (Yen in millions) (Note 1)	Date of disposition	Disposition price (Yen in millions) (Note 1)	Book value (Yen in millions)	Gain or loss on sale (Yen in millions) (Note 2)
MIMARU Tokyo Hatchobori	September 1, 2023	5,114	-	-	-	-
D Project Kadoma I	October 2, 2023	3,120	-	-	-	-
FOLEO Hirakata (part of the land)	-	-	November 30, 2023	2	1	0
<b>Total</b>		<b>8,234</b>		<b>2</b>	<b>1</b>	<b>0</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 Hatchobori	September 1, 2023	Trust beneficiary interests in real estate	5,114	5,480	The Tanizawa Sōgō Appraisal Co., Ltd.	June 30, 2023
Acquisition	D Project Kadoma I	October 2, 2023	Trust beneficiary interests in real estate	3,120	3,450	Daiwa Real Estate Appraisal Co., Ltd.	July 31, 2023
Disposition	FOLEO Hirakata (part of the land)	November 30, 2023	Trust beneficiary interests in real estate	2	1	Japan Real Estate Institute	August 31, 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.

Purchase and sale transactions, etc. with interested parties, etc.<sup>(Note 1)</sup> for the 36th period are as follows:

i) Status of Transactions

Classification	Transaction amount, etc. (Note 2)	
	Purchase	Sale
Total	¥8,234 million	¥2 million
Breakdown of transactions with interested parties		
Daiwa House Industry Co., Ltd.	¥3,120 million (37.9%)	¥– million (–%)
Total	¥3,120 million (37.9%)	¥– million (–%)

ii) Amount of Fees Paid

Classification	Total amount paid (A) (Yen in thousands)	Breakdown of transactions with interested parties, etc. (Note 1)		Rate to total amount paid (B/A) (%)
		Payment recipient	Amount paid (B) (Yen in thousands)	
Management fees	1,555,068	Daiwa Living Co., Ltd.	565,287	36.4
		Daiwa House Realty Mgt. Co., Ltd.	331,486	21.3
		Daiwa House Property Management Co., Ltd.	318,683	20.5
		Daiwa LifeNext Co., Ltd.	36,317	2.3
		Daiwa Lease Co., Ltd.	3,405	0.2
		Cosmos Initia Co., Ltd.	1,683	0.1
Repairs and maintenance expenses	913,272	Daiwa Living Co., Ltd.	455,495	49.9
		Daiwa House Property Management Co., Ltd.	177,748	19.5
		Daiwa House Realty Mgt. Co., Ltd.	93,905	10.3
		Daiwa LifeNext Co., Ltd.	25,729	2.8
		Daiwa Lease Co., Ltd.	1,679	0.2
		Cosmos Initia Co., Ltd.	398	0.0
Restoration costs	225,970	Daiwa Living Co., Ltd.	160,009	70.8
		Daiwa Living Co., Ltd.	73,884	40.5
Other rental expenses	182,559	Daiwa House Property Management Co., Ltd.	33,244	18.2
		Daiwa House Realty Mgt. Co., Ltd.	18,299	10.0
		Daiwa House Industry Co., Ltd.	3,450	1.9
		Daiwa LifeNext Co., Ltd.	28	0.0
		Daiwa Lease Co., Ltd.	15	0.0

(Notes) 1. "Interested parties, etc." are interested parties, etc., of the Asset Manager with which DHR has concluded an asset management agreement as provided in Article 201, paragraph 1 of the Investment 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.  
2. "Transaction amount, etc." is the amount that does not include the various expenses required in the acquisition or disposition of the property, settlement money such as taxes and public dues, consumption taxes, and leasehold guarantee deposits, etc.

(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

There were no conclusions or changes of major contracts approved by DHR's board of directors during the current fiscal period.

### (2) Treatment of Fractions in Amounts and Rates

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

## II. Balance Sheets

### Daiwa House REIT Investment Corporation BALANCE SHEETS

As of August 31, 2023 and February 29, 2024

	As of	
	August 31, 2023	February 29, 2024
	(Yen in thousands)	
<b>Assets</b>		
Current assets:		
Cash and bank deposits (Note 4)	¥54,878,088	¥51,504,912
Operating accounts receivable	285,942	239,258
Prepaid expenses	723,576	741,259
Other current assets	4,416	5,583
Allowance for doubtful accounts	(602)	(530)
Total current assets	55,891,421	52,490,483
Investment properties (Notes 9 and 10)	839,686,634	843,348,633
Other assets:		
Goodwill (Note 8)	51,537,891	49,555,664
Leasehold rights in trust (Note 10)	5,687,984	6,478,494
Lease and guarantee deposits in trust	3,547,332	3,571,130
Guarantee deposits	99	99
Long-term prepaid expenses	2,195,416	2,124,192
Investment corporation bond issuance costs	190,867	174,111
Investment securities (Notes 5 and 6)	9,515	9,532
Trademark rights	127	110
Total other assets	63,169,234	61,913,334
<b>Total assets</b>	¥958,747,290	¥957,752,451

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

As of August 31, 2023 and February 29, 2024

	As of	
	August 31, 2023	February 29, 2024
	(Yen in thousands)	
<b>Liabilities</b>		
Current liabilities:		
Operating accounts and other payable	¥2,121,874	¥1,819,245
Short-term loans (Notes 5 and 17)	—	4,000,000
Current portion of investment corporation bonds (Notes 5 and 16)	—	5,000,000
Current portion of long-term loans (Notes 5, 7 and 17)	44,700,000	35,100,000
Accrued expenses	1,810,542	1,829,047
Accrued consumption taxes	493,337	138,538
Advances received	3,598,896	3,633,612
Unearned revenue	85,431	71,789
Deposits received	173,101	160,612
Derivative liabilities (Notes 5 and 7)	15,363	2,133
Other	67,520	67,520
Total current liabilities	<u>53,066,067</u>	<u>51,822,500</u>
Non-current liabilities:		
Investment corporation bonds (Notes 5 and 16)	44,000,000	39,000,000
Long-term loans (Notes 5, 7 and 17)	318,850,000	326,450,000
Long-term unearned revenue	90,560	56,000
Tenant leasehold and security deposits	331,684	337,763
Tenant leasehold and security deposits in trust	23,432,886	23,723,272
Asset retirement obligations (Note 13)	690,200	777,202
Derivative liabilities (Notes 5 and 7)	112,293	83,385
Total non-current liabilities	<u>387,507,625</u>	<u>390,427,623</u>
<b>Total liabilities</b>	<u>440,573,692</u>	<u>442,250,124</u>
<b>Net assets</b> (Notes 14 and 15)		
Unitholders' equity:		
Unitholders' capital	268,042,601	268,042,601
Units authorized:		
8,000,000 units as of August 31, 2023 and February 29, 2024		
Units issued and outstanding:		
2,320,000 units as of August 31, 2023 and February 29, 2024		
Surplus		
Capital surplus	247,667,563	247,667,563
Deductions from capital surplus:		
Allowance for temporary difference adjustments	(8,723,684)	(10,584,324)
Other deductions from capital surplus	(44,080)	(44,080)
Total deductions from capital surplus	<u>(8,767,764)</u>	<u>(10,628,404)</u>
Capital surplus, net	238,899,799	237,039,159
Unappropriated retained earnings	11,358,853	10,506,085
Total surplus	<u>250,258,653</u>	<u>247,545,245</u>
Total unitholders' equity	<u>518,301,254</u>	<u>515,587,846</u>
Valuation and translation adjustments		
Deferred gains or losses on hedges (Note 7)	(127,656)	(85,519)
Total valuation and translation adjustments	<u>(127,656)</u>	<u>(85,519)</u>
<b>Total net assets</b>	<u>518,173,597</u>	<u>515,502,327</u>
<b>Total liabilities and net assets</b>	<u>¥958,747,290</u>	<u>¥957,752,451</u>

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

## III. Statements of Income and Retained Earnings

**Daiwa House REIT Investment Corporation**  
**STATEMENTS OF INCOME AND RETAINED EARNINGS**

For the fiscal periods ended August 31, 2023 and February 29, 2024

	For the fiscal periods ended	
	August 31, 2023	February 29, 2024
	(Yen in thousands)	
<b>Operating revenues:</b>		
Rental revenues (Notes 11 and 12)	¥29,570,814	¥29,643,403
Gain on sale of investment properties (Notes 12 and 20)	349,963	71
Total operating revenues	<u>29,920,778</u>	<u>29,643,474</u>
<b>Operating expenses:</b>		
Rental expenses (Note 11)	12,509,714	12,145,539
Impairment losses (Note 3)	—	889,442
Asset management fees	1,916,817	1,932,569
Asset custody fees	38,349	38,360
Administrative service fees	93,730	95,013
Directors' remuneration	6,720	6,720
Amortization of goodwill (Note 8)	1,982,226	1,982,226
Other operating expenses	458,395	415,507
Total operating expenses	<u>17,005,954</u>	<u>17,505,380</u>
<b>Operating income</b>	<u>12,914,823</u>	<u>12,138,094</u>
<b>Non-operating revenues:</b>		
Interest income	232	213
Reversal of allowance for doubtful accounts	784	61
Gain on forfeiture of unclaimed distributions	5,842	5,377
Gain on adjustment of liabilities	5,795	3,871
Gain on receipt of donated non-current assets	7,377	—
Subsidy income	—	1,604
Other non-operating revenues	50	62
Total non-operating revenues	<u>20,081</u>	<u>11,190</u>
<b>Non-operating expenses:</b>		
Interest expense	1,248,815	1,307,796
Interest expense on investment corporation bonds	125,652	122,585
Amortization of investment corporation bond issuance costs	16,756	16,756
Borrowing related expenses	316,676	320,526
Other non-operating expenses	2,075	2,663
Total non-operating expenses	<u>1,709,975</u>	<u>1,770,327</u>
<b>Ordinary income</b>	<u>11,224,929</u>	<u>10,378,956</u>
<b>Income before income taxes</b>	<u>11,224,929</u>	<u>10,378,956</u>
Income taxes-current (Note 19)	605	605
<b>Net income</b>	<u>¥11,224,324</u>	<u>¥10,378,351</u>
<b>Retained earnings brought forward</b>	<u>134,528</u>	<u>127,733</u>
<b>Unappropriated retained earnings</b>	<u>¥11,358,853</u>	<u>¥10,506,085</u>

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

## IV. Statements of Changes in Net Assets

**Daiwa House REIT Investment Corporation**  
**STATEMENTS OF CHANGES IN NET ASSETS**  
For the fiscal periods ended August 31, 2023 and February 29, 2024

	Unitholders' equity						
	Surplus						Capital surplus, net
	Capital surplus						
	Number of units issued and out-standing (Units)	Unitholders' capital	Deductions from capital surplus				
Capital surplus			Allowance for temporary difference adjustments	Other deductions from capital surplus	Total deductions from capital surplus		
(Yen in thousands)							
<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
<b>Changes during the period:</b>							
Distribution in excess of earnings from allowance for temporary difference adjustments	—	—	—	(1,860,640)	—	(1,860,640)	(1,860,640)
Distributions from surplus	—	—	—	—	—	—	—
Net income	—	—	—	—	—	—	—
Net changes of items other than changes of unitholders' equity	—	—	—	—	—	—	—
<b>Total changes during the period</b>	—	—	—	(1,860,640)	—	(1,860,640)	(1,860,640)
<b>Balance as of February 29, 2024</b>	2,320,000	¥268,042,601	¥247,667,563	¥(10,584,324)	¥(44,080)	¥(10,628,404)	¥237,039,159

**Daiwa House REIT Investment Corporation**  
**STATEMENTS OF CHANGES IN NET ASSETS**  
For the fiscal periods ended August 31, 2023 and February 29, 2024

	Unitholders' equity			Valuation and translation adjustments	
	Surplus		Total unitholders' equity	Deferred gains or losses on hedges	Total net assets
	Unappropriated retained earnings	Total surplus			
	(Yen in thousands)				
<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
<b>Changes during the period:</b>					
Distribution in excess of earnings from allowance for temporary difference adjustments	—	(1,860,640)	(1,860,640)	—	(1,860,640)
Distributions from surplus	(11,231,120)	(11,231,120)	(11,231,120)	—	(11,231,120)
Net income	10,378,351	10,378,351	10,378,351	—	10,378,351
Net changes of items other than changes of unitholders' equity	—	—	—	42,137	42,137
<b>Total changes during the period</b>	(852,768)	(2,713,408)	(2,713,408)	42,137	(2,671,270)
<b>Balance as of February 29, 2024</b>	¥10,506,085	¥247,545,245	¥515,587,846	¥(85,519)	¥515,502,327

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

## V. Statements of Cash Flows

**Daiwa House REIT Investment Corporation**  
**STATEMENTS OF CASH FLOWS**  
For the fiscal periods ended August 31, 2023 and February 29, 2024

	For the fiscal periods ended	
	August 31, 2023	February 29, 2024
	(Yen in thousands)	
<b>Cash flows from operating activities:</b>		
Income before income taxes	¥11,224,929	¥10,378,956
Depreciation and amortization	5,602,550	5,650,264
Amortization of goodwill	1,982,226	1,982,226
Amortization of investment corporation bond issuance costs	16,756	16,756
Amortization of trademark rights	16	16
Impairment losses	—	889,442
Loss on retirement of non-current assets	17,521	24,977
Gain on receipt of donated non-current assets	(7,377)	—
Interest income	(232)	(213)
Interest expense	1,374,468	1,430,381
Decrease (increase) in operating accounts receivable	(4,680)	46,684
Decrease (increase) in prepaid expenses	6,163	(17,683)
Increase (decrease) in operating accounts and other payable	243,328	(357,906)
Increase (decrease) in accrued consumption taxes	9,269	(354,798)
Increase in accrued expenses	3,290	22,203
Decrease in deposits received	(11,662)	(12,488)
Increase (decrease) in advances received	(45,256)	34,715
Decrease in long-term prepaid expenses	107,199	71,223
Decrease in allowance for doubtful accounts	(852)	(71)
Decrease in investment properties due to sale	614,941	1,049
Decrease (increase) in lease and guarantee deposits in trust	21	(23,797)
Other	10,346	114,641
Subtotal	21,142,968	19,896,581
Interest received	232	213
Interest paid	(1,438,207)	(1,482,281)
Income taxes paid	(605)	(602)
<b>Net cash provided by operating activities</b>	19,704,388	18,413,911
<b>Cash flows from investing activities:</b>		
Acquisition of investment properties	(5,124,463)	(10,888,767)
Proceeds from tenant leasehold and security deposits	30,638	19,675
Repayment of tenant leasehold and security deposits	(21,108)	(10,774)
Proceeds from tenant leasehold and security deposits in trust	442,979	786,738
Repayment of tenant leasehold and security deposits in trust	(519,120)	(607,813)
<b>Net cash used in investing activities</b>	(5,191,075)	(10,700,940)
<b>Cash flows from financing activities:</b>		
Proceeds from short-term loans	—	4,000,000
Proceeds from long-term loans	17,400,000	22,700,000
Repayment of long-term loans	(17,400,000)	(24,700,000)
Distribution payment	(13,099,699)	(13,086,146)
<b>Net cash used in financing activities</b>	(13,099,699)	(11,086,146)
<b>Net increase (decrease) in cash and cash equivalents</b>	1,413,612	(3,373,175)
<b>Cash and cash equivalents at beginning of the period</b>	53,464,475	54,878,088
<b>Cash and cash equivalents at end of the period (Note 4)</b>	¥54,878,088	¥51,504,912

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

## VI. Notes to Financial Statements

**Daiwa House REIT Investment Corporation**  
**Notes to Financial Statements**  
As of and for the fiscal periods ended August 31, 2023 and February 29, 2024

### Note 1 – Organization and Basis of Presentation

#### Organization

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

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

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

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

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

As of February 29, 2024, DHR’s portfolio included 232 properties at a total acquisition price of ¥905.7 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 – Significant Accounting Estimates**

For impairment losses on investment properties, DHR discloses significant accounting estimates in the notes effective from the period ended February 29, 2024 from the perspective of materiality. The amounts as of and for the period ended August 31, 2023 are shown as comparative information.

**(a) Impairment Losses on Investment Properties**

DHR recognizes impairment losses on investment properties based on accounting estimates.

(1) Amount of an item subject to accounting estimates, and amount recognized based on accounting estimates

	As of/ For the periods ended	
	August 31, 2023	February 29, 2024
	(Yen in thousands)	
Investment properties	¥839,686,634	¥843,348,633
Impairment losses	—	889,442

(2) Information on details of accounting estimates for an item identified

In accordance with accounting standards for the impairment of investment properties, DHR applies the accounting treatment to reduce the book value of investment properties to their recoverable amount when it is no longer expected to recover its investment value due to a decline in profitability.

For the application of this accounting treatment, DHR considers each investment property as a single asset group and determines whether or not to recognize an impairment loss when it is certain that there are indications of impairment, such as continuous operating losses, significant declines in market prices, significant deterioration of the business environment and others.

The estimated cash flows are used to determine whether or not an impairment loss should be recognized. If an impairment loss is determined to be necessary, the book value of the asset is reduced to its recoverable amount and the amount of the reduction is recognized as an impairment loss.

The assumptions to estimate future cash flows, including rents, occupancy rates and rental expenses, are determined by comprehensively taking into account market trends, examples of transactions with similar properties and other factors.

The performance and market price of each property may be affected by trends in the real estate leasing market

and the real estate trading market. Therefore, any change in the assumptions for the estimates may affect the DHR's financial position and operating results in the following fiscal period.

Based on the accounting estimates, DHR recognized impairment losses on the following asset group for the period ended February 29, 2024.

Property name	Location	Item	For the fiscal period ended
			February 29, 2024
			(Yen in thousands)
			Impairment losses
D Project Kaminokawa	Kawachi District, Tochigi	Buildings, etc. in trust	¥539,598
		Land in trust	349,844
		<b>Total</b>	<b>¥889,442</b>

Since DHR plans to sell the property described above, its book value was reduced to the recoverable amount and the amount of reduction was then recognized as impairment losses under operating expenses. The recoverable amount was measured using the net realizable value of the property (expected sale price minus the estimated disposal costs). Impairment losses arising from sale are deemed to have the nature of operating expenses and classified as operating expenses in accordance with Article 48, paragraph 2 of the "Regulations on Accounting of Investment Corporations."

**Note 4 – Cash and Cash Equivalents**

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

	As of	
	August 31, 2023	February 29, 2024
	(Yen in thousands)	
Cash and bank deposits	¥54,878,088	¥51,504,912
Cash and cash equivalents	¥54,878,088	¥51,504,912

**Note 5 – Financial Instruments****(a) Qualitative Information on Financial Instruments***Policy on financial instruments*

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

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

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



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

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

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

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

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

*Supplemental explanation concerning fair value of financial instruments*

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

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

Book value on the balance sheet, fair value and the difference as of August 31, 2023 and February 29, 2024 are as shown below. The disclosure for “Cash and bank deposits” and “Short-term loans” is omitted since their fair value approximates their book value due to short maturity. The disclosure for “Tenant leasehold and security deposits” and “Tenant leasehold and security deposits in trust” is also omitted due to immateriality.

	As of					
	August 31, 2023			February 29, 2024		
	(Yen in thousands)					
	Book value	Fair value	Difference	Book value	Fair value	Difference
<b>Assets</b>						
(1) Investment securities:						
Held-to-maturity bonds	¥9,515	¥8,625	¥(890)	¥9,532	¥8,661	¥(871)
<b>Total</b>	¥9,515	¥8,625	¥(890)	¥9,532	¥8,661	¥(871)
<b>Liabilities</b>						
(2) Current portion of investment corporation bonds	—	—	—	5,000,000	5,006,729	6,729
(3) Current portion of long-term loans	44,700,000	44,739,987	39,987	35,100,000	35,113,196	13,196
(4) Investment corporation bonds	44,000,000	42,891,631	(1,108,368)	39,000,000	37,872,712	(1,127,287)
(5) Long-term loans	318,850,000	320,048,555	1,198,555	326,450,000	325,968,897	(481,102)
<b>Total</b>	¥407,550,000	¥407,680,173	¥130,173	¥405,550,000	¥403,961,535	¥(1,588,464)
(6) Derivatives (*)	¥(127,656)	¥(127,656)	¥—	¥(85,519)	¥(85,519)	¥—

(\*) 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 6 – “Investment Securities” below.

**Liabilities:**

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

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

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

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

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

(6) Derivatives

Please refer to Note 7 – “Derivative Transactions” below.

2. Redemption schedule for monetary claims after August 31, 2023 and February 29, 2024 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 August 31, 2023</b>					
	(Yen in thousands)					
Investment securities	¥—	¥—	¥—	¥—	¥—	¥10,000
<b>Total</b>	¥—	¥—	¥—	¥—	¥—	¥10,000
<b>As of February 29, 2024</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 August 31, 2023 and February 29, 2024 is as follows:

As of August 31, 2023	Due within one year	Due after one to two years	Due after two to three years	Due after three to four years	Due after four to five years	Due after five years
	(Yen in thousands)					
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>	<b>¥44,700,000</b>	<b>¥42,500,000</b>	<b>¥49,100,000</b>	<b>¥51,500,000</b>	<b>¥54,350,000</b>	<b>¥165,400,000</b>

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

As of February 29, 2024	Due within one year	Due after one to two years	Due after two to three years	Due after three to four years	Due after four to five years	Due after five years
	(Yen in thousands)					
Investment corporation bonds	¥5,000,000	¥2,400,000	¥4,000,000	¥4,000,000	¥—	¥28,600,000
Long-term loans (*)	35,100,000	44,600,000	47,500,000	47,500,000	47,350,000	139,500,000
<b>Total</b>	<b>¥40,100,000</b>	<b>¥47,000,000</b>	<b>¥51,500,000</b>	<b>¥51,500,000</b>	<b>¥47,350,000</b>	<b>¥168,100,000</b>

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

### Note 6 – Investment Securities

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

Book value on the balance sheet, fair value and the difference as of August 31, 2023 and February 29, 2024 are as follows:

	As of					
	August 31, 2023			February 29, 2024		
	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	9,515	8,625	(890)	9,532	8,661	(871)
<b>Total</b>	<b>¥9,515</b>	<b>¥8,625</b>	<b>¥(890)</b>	<b>¥9,532</b>	<b>¥8,661</b>	<b>¥(871)</b>

### Note 7 – 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					
		August 31, 2023			February 29, 2024		
		(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	¥21,000,000	¥14,000,000	¥(127,656) (Note 1)	¥17,000,000	¥14,000,000	¥(85,519) (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>¥65,400,000</b>	<b>¥58,400,000</b>	<b>¥(127,656)</b>	<b>¥61,400,000</b>	<b>¥58,400,000</b>	<b>¥(85,519)</b>

Notes:

1. Fair value is quoted by counterparties based on the prevailing market interest rates.
2. Under the special accounting treatment, interest-rate swaps are accounted for as part of the long-term loans, the hedged item; thus, the fair value is included in the fair value of the long-term loans. (Please refer to Note 5 – “Financial Instruments” above.)

### Note 8 – Goodwill

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

On the business combination date, consideration given for the acquisition was ¥219,425,976 thousand, which was the amount equivalent to the fair value of DHR investment units allotted, while the fair value of the net assets acquired from the former DHR was ¥140,136,912 thousand. The excess of the acquisition cost over the fair value of the net assets acquired, in the amount of ¥79,289,063 thousand, was recognized as goodwill upon the Merger. The amount of goodwill is amortized over 20 years using the straight-line method. As of August 31, 2023 and February 29, 2024, the unamortized balances of goodwill from the Merger were ¥51,537,891 thousand and ¥49,555,664 thousand, respectively.

**Note 9 – Investment Properties**

As of August 31, 2023 and February 29, 2024, investment properties consist of the following property and equipment and property and equipment in trust.

	As of					
	August 31, 2023			February 29, 2024		
	(Yen in thousands)					
	Acquisition cost	Accumulated depreciation	Net	Acquisition cost	Accumulated depreciation	Net
Property and equipment:						
Land	¥21,711,324	¥—	¥21,711,324	¥21,711,324	¥—	¥21,711,324
Buildings	26,155,926	6,720,639	19,435,287	26,315,317	6,980,878	19,334,438
Structures	265,497	65,048	200,448	270,264	68,308	201,956
Machinery and equipment	486,908	224,959	261,949	497,576	235,450	262,125
Tools, furniture and fixtures	896,802	600,532	296,269	907,961	624,845	283,116
Property and equipment in trust:						
Land	424,330,713	—	424,330,713	427,836,980	—	427,836,980
Buildings	433,676,121	70,795,455	362,880,666	438,190,385	75,648,299	362,542,086
Structures	10,245,541	2,310,272	7,935,268	10,356,802	2,512,716	7,844,085
Machinery and equipment	2,677,580	1,541,923	1,135,656	3,072,989	1,620,015	1,452,973
Tools, furniture and fixtures	2,299,467	1,254,355	1,045,112	2,530,755	1,385,493	1,145,262
Construction in progress	453,937	—	453,937	734,283	—	734,283
<b>Total</b>	<b>¥923,199,820</b>	<b>¥83,513,186</b>	<b>¥839,686,634</b>	<b>¥932,424,640</b>	<b>¥89,076,007</b>	<b>¥843,348,633</b>

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	
	August 31, 2023	February 29, 2024
	(Yen in thousands)	
Buildings in trust	¥23,413	¥23,413

**Note 10 – Fair Value of Investment Properties**

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

	As of / For the fiscal periods ended	
	August 31, 2023	February 29, 2024
	(Yen in thousands)	
<b>Book value:</b>		
Balance at beginning of the period	¥846,548,890	¥845,374,619
Net change during the period	(1,174,271)	4,452,508
Balance at end of the period	¥845,374,619	¥849,827,127
<b>Fair value at end of the period</b>	<b>¥1,085,829,000</b>	<b>¥1,097,552,300</b>

Notes:

- The book value above includes leasehold rights in trust of ¥5,687,984 thousand and ¥6,478,494 thousand as of August 31, 2023 and February 29, 2024, respectively.
- 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. For the period ended February 29, 2024, the increase is mainly due to the acquisition of two properties (¥8,289,451 thousand) including MIMARU Tokyo Hatchobori, while the decrease is mainly attributable to the sale of a part of the land of FOLEO Hirakata (¥1,049 thousand), impairment losses (¥889,442 thousand) and depreciation.
- The fair value at end of the period represents the value assessed by third-party real estate appraisers.

**Note 11 – Rental Revenues and Expenses**

Rental revenues generated from investment properties and related expenses for the periods ended August 31, 2023 and February 29, 2024 are as follows:

	For the fiscal periods ended	
	August 31, 2023	February 29, 2024
	(Yen in thousands)	
<b>Rental revenues:</b>		
Rental revenues	¥27,644,645	¥27,798,141
Common area charges	562,679	576,806
Subtotal	28,207,324	28,374,947
Other revenues related to property leasing:		
Facility charges	479,529	481,928
Incidental revenues	562,263	503,599
Other revenues	321,696	282,928
Subtotal	1,363,489	1,268,456
Total rental revenues	¥29,570,814	¥29,643,403
<b>Rental expenses:</b>		
Management fees	¥1,559,184	¥1,555,068
Utilities	635,792	543,622
Taxes and public dues	2,422,910	2,420,966
Repairs	1,177,408	913,272
Restoration costs	258,696	225,970
Insurance premiums	54,805	54,803
Custodian fees	67,738	63,437
Depreciation and amortization	5,602,550	5,650,264
Other operating expenses	730,626	718,133
Total rental expenses	¥12,509,714	¥12,145,539
<b>Operating income from property leasing activities</b>	<b>¥17,061,100</b>	<b>¥17,497,863</b>

**Note 12 – Revenue from Contracts with Customers****(a) Information on disaggregated revenue from contracts with customers**

	For the fiscal periods ended			
	August 31, 2023		February 29, 2024	
	(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)	¥2,131	¥71 (Note 2)
Utilities expenses reimbursements	544,220	544,220	485,862	485,862
Other	—	29,026,594	—	29,157,541
<b>Total</b>	<b>¥1,545,220</b>	<b>¥29,920,778</b>	<b>¥487,993</b>	<b>¥29,643,474</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	
	August 31, 2023	February 29, 2024
	(Yen in thousands)	
Receivables arising from contracts with customers (Balance at beginning of the period)	¥231,488	¥235,342
Receivables arising from contracts with customers (Balance at end of the period)	235,342	186,380
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 13 – 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 for the period ended August 31, 2023 and 44 – 60 years for the period ended February 29, 2024), and uses 1.0 – 2.4% discount rates for the calculation of asset retirement obligations. For buildings containing asbestos, DHR estimates the useful life to be 35 years, and uses a 0.6% discount rate. Changes in asset retirement obligations for the periods ended August 31, 2023 and February 29, 2024 are as follows:

	For the fiscal periods ended	
	August 31, 2023	February 29, 2024
	(Yen in thousands)	
Balance at beginning of the period	¥683,696	¥690,200
Increase due to acquisitions of property and equipment	—	79,811
Accretion expense	6,503	7,190
Balance at end of the period	¥690,200	¥777,202

**Note 14 – 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 15 – Distribution Information**

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

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

For the distribution related to the fiscal period ended August 31, 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.

For the distribution related to the fiscal period ended February 29, 2024, DHR determined the cash distribution amount of ¥13,249,520,000 (¥5,711 per unit) by totaling net income of ¥10,378,351,860, the amount equivalent to goodwill amortization expenses of ¥1,982,226,586 and impairment losses of ¥889,442,684, and adjusting the fractional parts of amounts less than ¥1 per investment unit. Of this cash distribution amount, ¥10,419,120,000 is distributed as distribution of earnings, ¥2,777,040,000 as distribution in excess of earnings from allowance for temporary difference adjustments and ¥53,360,000 as other distributions in excess of earnings.

The changes in allowance for temporary difference adjustments are reflected on the balance sheet in the fiscal period that distributions are declared. Thus, as of August 31, 2023 and February 29, 2024, the balances of allowance for temporary differences are ¥8,723,684 thousand and ¥10,584,324 thousand, respectively.

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

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

	For the fiscal periods ended			
	August 31, 2023		February 29, 2024	
	(Yen)			
	Total	Per unit	Total	Per unit
Unappropriated retained earnings	¥11,358,853,689		¥10,506,085,549	
Deduction from capital surplus:				
Allowance for temporary difference adjustments	1,860,640,000		2,777,040,000	
Other deductions from capital surplus	—		53,360,000	
	¥13,219,493,689		¥13,336,485,549	
Cash distributions:				
Distribution of earnings	¥11,231,120,000	¥4,841	¥10,419,120,000	¥4,491
Distribution in excess of earnings from allowance for temporary difference adjustments	1,860,640,000	802	2,777,040,000	1,197
Other distributions in excess of earnings	—	—	53,360,000	23
Total cash distributions	¥13,091,760,000	¥5,643	¥13,249,520,000	¥5,711
Retained earnings carried forward	¥127,733,689		¥86,965,549	

### Note 16 – Investment Corporation Bonds

The following summarizes the status of the DHR's unsecured investment corporation bonds with special pari passu conditions among specified investment corporation bonds as of August 31, 2023 and February 29, 2024. The bonds are to be repaid on a lump-sum basis on the maturity date.

Bond series	Issue date	Maturity date	Interest rate	As of	
				August 31, 2023	February 29, 2024
(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	
				August 31, 2023	February 29, 2024
(Yen in thousands)					
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 17 – Short-Term and Long-Term Loans

Short-term and 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 short-term and long-term loans as of August 31, 2023 and February 29, 2024.

	Due date	As of			
		August 31, 2023		February 29, 2024	
		(Yen in thousands)	Interest rate	(Yen in thousands)	Interest rate
<b>Short -term loans:</b>					
Floating-rate loan	September 30, 2024	¥—	—%	¥4,000,000	0.23%
<b>Total short-term loans</b>		¥—		¥4,000,000	
<b>Long-term loans:</b>					
Fixed-rate loan	September 29, 2023	¥1,000,000	1.00%	¥—	—%
Floating-rate loan (*)	October 2, 2023	4,000,000	0.99	—	—
Fixed-rate loan	September 29, 2023	10,000,000	0.57	—	—
Fixed-rate loan	September 29, 2023	1,000,000	0.43	—	—
Floating-rate loan	September 29, 2023	6,700,000	0.26	—	—
Fixed-rate loan	January 31, 2024	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				
	August 31, 2023		February 29, 2024		
	(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	September 30, 2027	—	—	1,000,000	0.75
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	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	2,000,000	0.80
Fixed-rate loan	September 30, 2030	—	—	10,000,000	1.08

	Due date	As of			
		August 31, 2023		February 29, 2024	
		(Yen in thousands)	Interest rate	(Yen in thousands)	Interest rate
Fixed-rate loan	April 1, 2031	3,000,000	0.70	3,000,000	0.70
Fixed-rate loan	August 29, 2031	10,500,000	0.56	10,500,000	0.56
Fixed-rate loan	September 30, 2031	4,000,000	0.96	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	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	4,000,000	1.03
Fixed-rate loan	September 30, 2032	—	—	6,700,000	1.32
Fixed-rate loan	March 31, 2032	—	—	1,000,000	1.30
Fixed-rate loan	March 31, 2032	—	—	1,000,000	1.30
Fixed-rate loan	August 31, 2033	1,000,000	0.80	1,000,000	0.80
Fixed-rate loan	September 30, 2033	—	—	1,000,000	1.40
Fixed-rate loan	January 31, 2034	—	—	2,000,000	1.43
<b>Total long-term loans</b>		363,550,000		361,550,000	
Less: current portion		(44,700,000)		(35,100,000)	
<b>Long-term loans, less current portion</b>		<b>¥318,850,000</b>		<b>¥326,450,000</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 August 31, 2023 and February 29, 2024 is disclosed in Note 5 – “Financial Instruments.”

DHR has entered into a commitment line agreement with four financial institutions in order to secure flexible and stable financing. The status of the commitment line agreement as of August 31, 2023 and February 29, 2024 is as follows:

	As of	
	August 31, 2023	February 29, 2024
	(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 18 – Lease Transactions

Future minimum lease revenues under existing non-cancelable operating leases as a lessor as of August 31, 2023 and February 29, 2024 are as follows:

	As of	
	August 31, 2023	February 29, 2024
	(Yen in thousands)	
Due within one year	¥29,888,319	¥29,419,369
Due after one year	¥157,350,871	¥154,082,470
<b>Total</b>	<b>¥187,239,191</b>	<b>¥183,501,839</b>

Future minimum lease payments under existing non-cancelable operating leases as a lessee as of August 31, 2023 and February 29, 2024 are as follows:

	As of	
	August 31, 2023	February 29, 2024
	(Yen in thousands)	
Due within one year	¥—	¥129,795
Due after one year	¥—	¥328,600
<b>Total</b>	<b>¥—</b>	<b>¥458,395</b>



**Note 19 – Deferred Income Taxes**

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

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

	As of	
	August 31, 2023	February 29, 2024
	(Yen in thousands)	
<b>Deferred tax assets:</b>		
Excess provision of allowance for doubtful accounts	¥189	¥166
Deferred interest income	55,366	40,202
Valuation difference at the time of merger (Land and buildings)	1,968,277	1,898,692
Asset retirement obligations	217,136	244,507
Deferred gains or losses on hedges	40,160	26,904
Amortization of fixed-term land lease rights	256,112	273,691
Impairment losses	—	279,818
Other	8,292	7,540
Subtotal	2,545,536	2,771,525
Valuation reserve	(2,545,536)	(2,771,525)
<b>Total deferred tax assets</b>	<b>—</b>	<b>—</b>
<b>Deferred tax liabilities:</b>		
Valuation difference at the time of merger (Investment securities)	¥(558)	¥(538)
Valuation difference at the time of merger (Land and buildings)	(13,192,979)	(13,156,498)
Asset retirement costs	(175,927)	(201,019)
Subtotal	(13,369,465)	(13,358,056)
Valuation reserve	13,369,465	13,358,056
<b>Total deferred tax liabilities</b>	<b>—</b>	<b>—</b>
<b>Net deferred tax assets</b>	<b>¥—</b>	<b>¥—</b>

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

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

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

	For the fiscal periods ended	
	August 31, 2023	February 29, 2024
Statutory tax rate	31.46%	31.46%
Adjustments:		
Tax-deductible cash distributions paid	(36.69)	(39.88)
Amortization of goodwill	5.56	6.01
Change in valuation reserve	(0.33)	2.42
Other	0.01	0.01
Effective tax rate	0.01%	0.01%

**Note 20 – 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 29, 2024, DHR sold part of the land of one investment property and reported a gain as follows:

	For the fiscal period ended
	February 29, 2024
	(Yen in thousands)
FOLEO Hirakata (part of the land)	
Proceeds from sale of investment properties	¥2,131
Cost of investment properties sold	1,049
Other sales expenses	1,010
Gain on sale of investment properties	¥71

**Note 21 – Per Unit Information**

Earnings per unit for the periods ended August 31, 2023 and February 29, 2024 and net assets per unit as of August 31, 2023 and February 29, 2024 are as follows:

	For the fiscal periods ended	
	August 31, 2023	February 29, 2024
	(Yen)	
<b>Earnings per unit:</b>		
Net income per unit	¥4,838	¥4,473
Weighted average number of units outstanding (units)	2,320,000	2,320,000
	As of	
	August 31, 2023	February 29, 2024
	(Yen)	
<b>Net assets per unit</b>	¥223,350	¥222,199

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 22 – Related-Party Transactions**

Related-party transactions for the periods ended August 31, 2023 and February 29, 2024 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 23 – Segment Information****(a) Segment Information**

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

**(b) Related Information***Information about products and services*

Since operating revenues from external customers for a single segment of product and service account for over 90% of total operating revenues in DHR's statements of income and retained earnings for the periods ended August 31, 2023 and February 29, 2024, information about products and services has been omitted.

*Information about geographic areas*

## (1) Operating revenues

Since operating revenues from external customers within Japan account for over 90% of total operating revenues in DHR's statements of income and retained earnings for the periods ended August 31, 2023 and February 29, 2024, information about geographic areas has been omitted.

## (2) Investment properties

Since over 90% of total investment properties on the balance sheets as of August 31, 2023 and February 29, 2024, are located within Japan, information about geographic areas on such investment properties has been omitted.

*Information about major customers*

Since there is not any customer accounting for 10% or more of total operating revenues in DHR's statements of income and retained earnings for the periods ended August 31, 2023 and February 29, 2024, information about major customers has been omitted.

**Note 24 – 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 sheet as at February 29, 2024, and the statements of income and retained earnings, changes in net assets, and cash flows for the six-month period then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at February 29, 2024, and its financial performance and its cash flows for the six-month period 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 to reduce threats to an acceptable level.

**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 February 29, 2024 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

May 21, 2024

下田 琢磨

Takuma Shimoda  
Designated Engagement Partner  
Certified Public Accountant

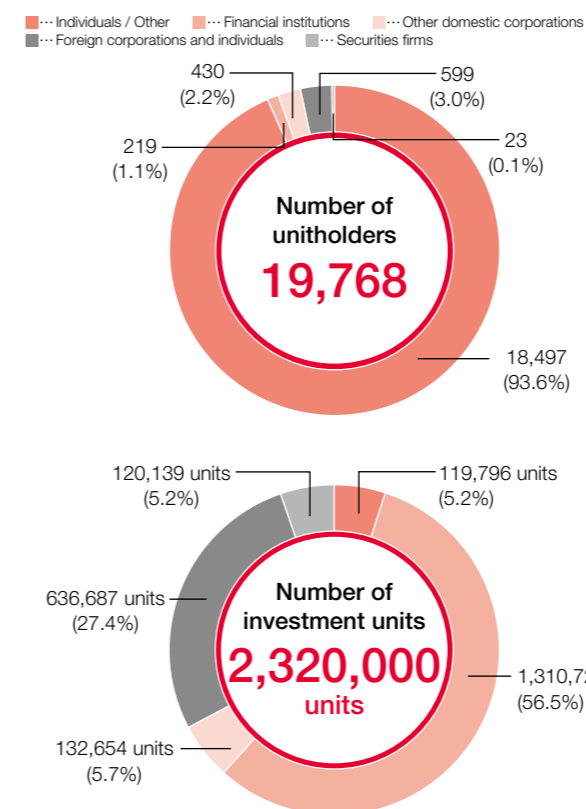
江下 聖

Sei Eshita  
Designated Engagement Partner  
Certified Public Accountant

**Investor Information**

**Unitholders Data**

(As of February 29, 2024)



(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