



## Sustainability Report

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 Daiwa House REIT Investment Corporation

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# Semi-Annual Report for the 37th Fiscal Period

From March 1, 2024 to August 31, 2024

 Daiwa House REIT Investment Corporation



# Overview of the 37th Fiscal Period Ended August 31, 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 37th fiscal period ended August 31, 2024.

DHR acquired one logistics property for an acquisition price of ¥30.0 billion in March 2024 and disposed of two logistics properties at a disposition price of ¥12.4 billion in August 2024. As a result, DHR's portfolio as of the end of the current fiscal period consisted of 231 properties with an asset size of ¥922.8 billion (total acquisition price). Our occupancy rate at the end of the current fiscal period was 99.5%. In addition, DHR disposed of one logistics property at a disposition price of ¥10.1 billion in September 2024, which falls in the following fiscal period.

Looking ahead, despite the current rise in prices, the Japanese economy is expected to recover gradually against the background of a recovery in personal consumption, driven by continuous rises in wages, solid capital investment, growth in inbound tourism, etc. Meanwhile, we must be aware of the future impact on Japanese economic activities from such risk factors as trends in monetary policy at the Bank of Japan and other central banks around the world, the danger of economic recession in overseas economies, trends in the commercial real estate market in the United States, economic stagnation in China, surging resource prices, and the direction of the foreign exchange markets.

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 (Note 1)

**37th Fiscal Period**

**¥5,804**

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

\*Distribution payments start date is November 11, 2024.

### Forecast Distributions per Unit (Note 2)

**38th period**

**¥6,300**

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

**39th period**

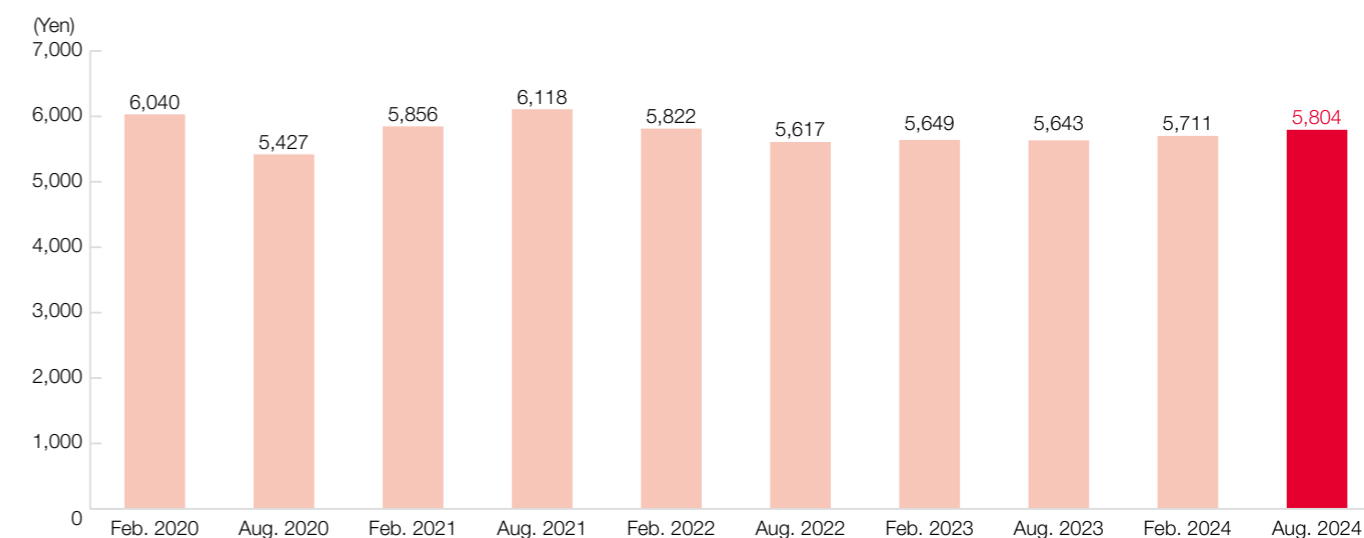
**¥5,700**

(From March 1, 2025 to August 31, 2025)

(Note 1) Distributions per unit for the fiscal period ended August 31, 2024 include distributions in excess of earnings of ¥1,410 (which do not apply to return of capital).

(Note 2) Forecast distributions per unit are as of October 17, 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 ¥685 (which do not apply to return of capital) for the fiscal period ending February 28, 2025 and ¥858 (including return of capital of ¥31) for the fiscal period ending August 31, 2025.

## Distributions per Unit



## Operating Results

	Fiscal period ended February 29, 2024	Fiscal period ended August 31, 2024
Operating revenues	¥29,643 million	¥32,253 million
Operating income	¥12,138 million	¥11,923 million
Net income	¥10,378 million	¥10,055 million

**Asset size**  
(acquisition price basis) **¥922.8 billion**

**Period-end occupancy rate** **99.5%**

**LTV**  
(excluding goodwill) **45.9%**

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

# Portfolio Highlights

## Summary

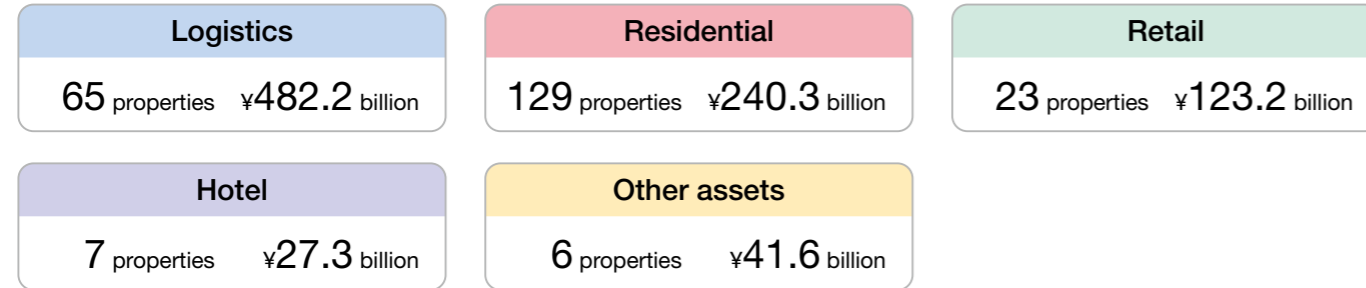
(As of September 2, 2024)

### Number of properties

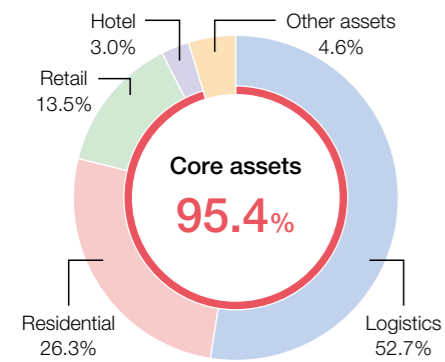
**230 properties**

### Asset size (acquisition price basis)

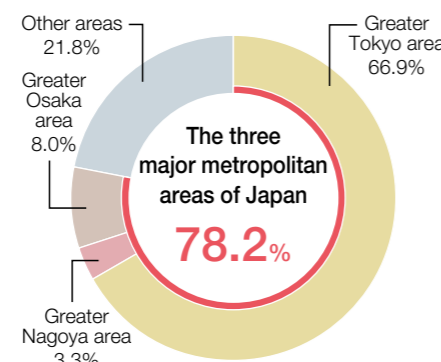
**¥914.7 billion**



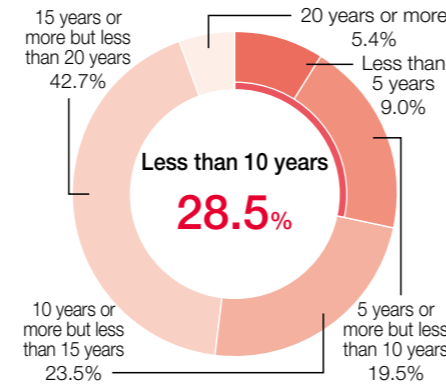
### By asset class



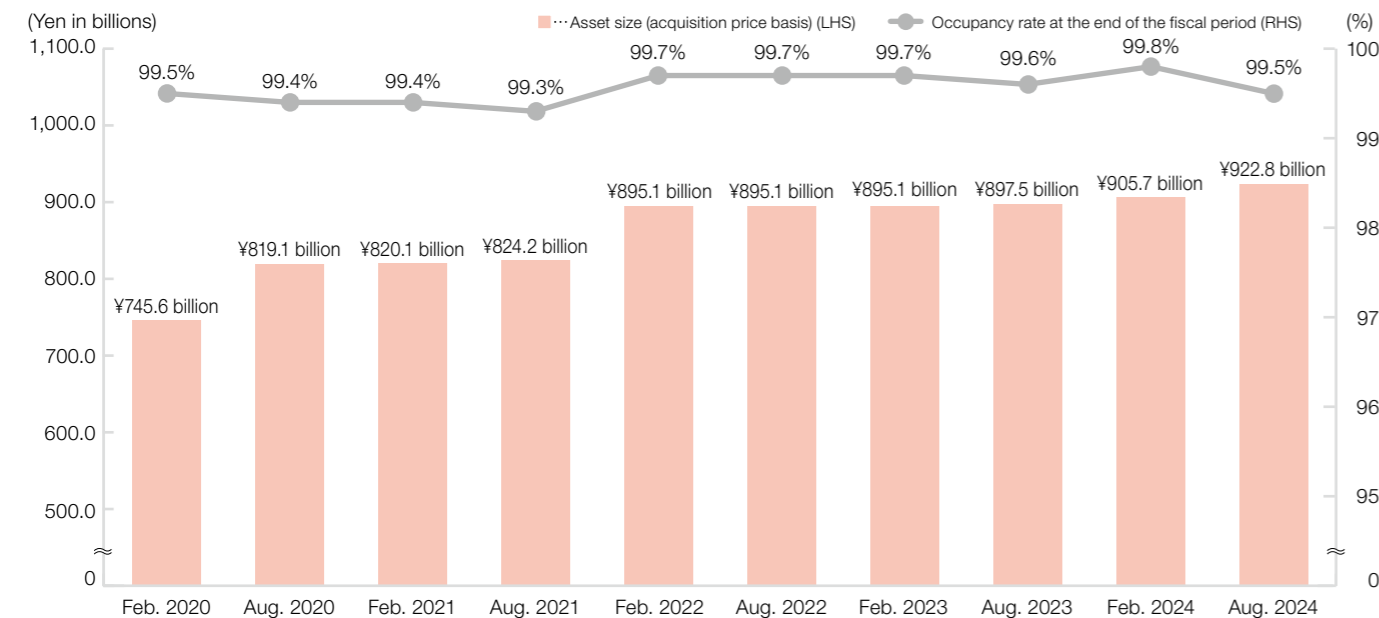
### By area



### By property age



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



# I. Asset Management Report

## 1. Summary of Asset Management

### (1) Historical Operating Results

		33rd period August 2022	34th period February 2023	35th period August 2023	36th period February 2024	37th period August 2024
Operating revenues (Note 1)	Yen in millions	29,368	29,489	29,920	29,643	32,253
Of which, real estate rental revenues	Yen in millions	29,368	29,489	29,570	29,643	30,822
Operating expenses	Yen in millions	16,707	16,748	17,005	17,505	20,330
Of which, real estate rental expenses	Yen in millions	12,183	12,283	12,509	12,145	13,506
Operating income	Yen in millions	12,661	12,740	12,914	12,138	11,923
Ordinary income	Yen in millions	11,050	11,124	11,224	10,378	10,056
Net income	Yen in millions	11,049	11,123	11,224	10,378	10,055
Total assets	Yen in millions	963,566	960,621	958,747	957,752	963,486
Period-on-period changes	%	(0.1)	(0.3)	(0.2)	(0.1)	0.6
Net assets	Yen in millions	521,820	520,049	518,173	515,502	509,370
Period-on-period changes	%	(0.4)	(0.3)	(0.4)	(0.5)	(1.2)
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	2,308,216
Net assets per unit	Yen	224,922	224,159	223,350	222,199	220,677
Total distributions	Yen in millions	13,031	13,105	13,091	13,249	13,396
Distributions per unit	Yen	5,617	5,649	5,643	5,711	5,804
Of which, earnings distributions per unit	Yen	4,805	4,854	4,841	4,491	4,394
Of which, distributions in excess of earnings per unit	Yen	812	795	802	1,220	1,410
Ordinary income to total assets ratio (Note 2)	%	1.1	1.2	1.2	1.1	1.0
Annualized	%	2.3	2.3	2.3	2.2	2.1
Return on equity (Note 3)	%	2.1	2.1	2.2	2.0	2.0
Annualized	%	4.2	4.3	4.3	4.0	3.9
Equity ratio	%	54.2	54.1	54.0	53.8	52.9
Period-on-period changes		(0.2)	(0.0)	(0.1)	(0.2)	(1.0)
Payout ratio	%	100.9	101.3	100.1	100.4	101.1
<b>&lt;Other Reference Information&gt;</b>						
Rental NOI (Note 4)	Yen in millions	22,839	22,831	22,663	23,148	23,018
FFO per unit (Note 5)	Yen	8,061	8,081	7,963	8,153	8,080
FFO multiple (Note 6)	Times	20.1	17.3	17.5	14.9	14.7
Debt service coverage ratio (Note 7) (Note 8)	Times	15.6	15.5	14.7	14.2	14.1
Interest-bearing debt	Yen in millions	407,550	407,550	407,550	409,550	420,550
Interest-bearing debt to total assets ratio (Note 9)	%	42.3	42.4	42.5	42.8	43.6

- (Notes)
- Operating revenues, etc., do not include consumption taxes.
  - Ordinary income to total assets ratio = Ordinary income / ((Total assets at the beginning of period + Total assets at the end of period) / 2) × 100
  - Return on equity = Net income / ((Net assets at the beginning of period + Net assets at the end of period) / 2) × 100
  - Rental NOI = Real estate rental revenues - Real estate rental expenses + Depreciation and amortization during the period
  - FFO per unit = (Net income + Depreciation and amortization + Amortization of goodwill + Amortization of investment corporation bond issuance costs + Amortization of trademark rights +/- Loss/gain on sale of real estate properties + Impairment losses +/- Extraordinary loss/income) / Total number of investment units issued
  - FFO multiple = Investment unit price at the end of period / Annualized FFO per unit
  - Debt service coverage ratio = Net income before interest, depreciation and amortization / Interest expense
  - 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
  - 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 logistics property for an acquisition price<sup>(Note 1)</sup> of ¥30.0 billion in March 2024 using loans and funds in hand. In addition, DHR disposed of two logistics properties for a disposition price of ¥12.4 billion in August 2024. As a result, DHR’s portfolio as of the end of the current fiscal period consists of 231 properties with an asset size<sup>(Note 2)</sup> of ¥922.8 billion.

- (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) conducted debt financing of ¥15,000 million on March 1, 2024, to provide for part of the acquisition costs and related expenses for the property acquisition through the Daiwa House Group’s pipeline; 2) arranged refinancing of ¥12,000 million to provide for the repayment of ¥12,000 million in existing loans due on March 29, 2024; 3) arranged refinancing of ¥3,000 million to provide for the repayment of ¥3,000 million in existing loans due on April 1, 2024; 4) arranged refinancing of ¥5,000 million to provide for the repayment of ¥5,000 million in existing loans due on April 30, 2024; and 5) conducted early repayment of ¥4,000 million in existing loans by allocating part of the proceeds from the disposition of assets on August 30, 2024.

As a result, the balance of interest-bearing debt outstanding as of the end of the current fiscal period amounted to ¥420,550 million (loan balance: ¥376,550 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 43.6%, and its LTV (excluding goodwill)<sup>(Note 2)</sup> was 45.9%.

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

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

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

iv) Difference Between Real Estate Appraisal Value and Book Value

The total appraisal value of assets held at the end of the current fiscal period was ¥1,117,976 million, and the amount of unrealized gain<sup>(Note)</sup> on the portfolio, which is the difference compared to the book value was ¥255,972 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 ¥32,253 million, operating income of ¥11,923 million, ordinary income of ¥10,056 million, and net income of ¥10,055 million. Based on its distribution policy, DHR calculated the total distribution amount as follows. ¥1,982 million in amortization of goodwill and ¥2,326 million of impairment losses were added to net income and ¥889 million as the amount of excess taxable income over accounting income which was resolved due to the sale of property for which impairment losses were recorded and ¥77 million as the amount corresponding to a portion of gain on sale of real estate properties, etc., were deducted from net income, resulting in ¥13,397 million. From this amount, the total amount of distributions was ¥13,396 million (¥5,804 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 ¥10,142 million (¥4,394 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 ¥3,254 million (¥1,410 per investment unit) as distributions in excess of earnings.

(3) Summary of Capital Increase

Changes in DHR’s total number of investment units issued and unitholders’ capital for the most recent five years until August 31, 2024 are as follows:

Date	Event	Total number of investment units issued (Units)		Unitholders’ capital (Yen in millions)		Remark
		Change	Balance	Change	Balance	
March 2, 2020	Capital increase through public offering	121,000	2,196,000	33,273	231,766	(Note 1)
September 1, 2021	Capital increase through public offering	115,000	2,311,000	33,643	265,409	(Note 2)
September 28, 2021	Capital increase through third-party allotment	9,000	2,320,000	2,632	268,042	(Note 3)
July 31, 2024	Cancellation	(11,784)	2,308,216	–	268,042	(Note 4)

- (Notes) 1. 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.
2. 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.
3. 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.
4. Between April 17, 2024 and July 12, 2024, DHR repurchased its investment units through market purchases on the Tokyo Stock Exchange based on a discretionary trading agreement pertaining to the repurchase of investment units with a securities company. In accordance with a resolution passed at a meeting of the Board of Directors of DHR held on July 26, 2024, all the repurchased investment units (11,784 units) were cancelled on July 31, 2024. In addition, because the funds for the repurchase of investment units were deducted from capital surplus, there was no change in unitholders’ capital.

[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:

	33rd period	34th period	35th period	36th period	37th period
Fiscal period ended	August 2022	February 2023	August 2023	February 2024	August 2024
Highest	¥335,500	¥323,500	¥299,900	¥276,800	¥269,600
Lowest	¥290,000	¥272,400	¥266,000	¥238,800	¥229,400
Beginning of period	¥315,000	¥318,500	¥277,800	¥265,500	¥241,300
End of period	¥322,000	¥281,100	¥276,200	¥244,400	¥235,900



(4) Distributions

For the current fiscal period, of the total amount of ¥13,397,483,361 when combining net income of ¥10,055,933,252, amortization of goodwill of ¥1,982,226,586 and impairment losses of ¥2,326,479,739, and deducting from that ¥889,442,684 as the amount of excess taxable income over accounting income which was resolved due to the sale of properties for which impairment losses were recorded and ¥77,713,532 as the amount corresponding to the portion of gain on sale of real estate properties, etc., DHR decided to pay a total of ¥13,396,885,664 in distributions (¥5,804 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 ¥10,142,301,104 as earnings distributions (¥4,394 per unit) and ¥3,254,584,560 in allowance for temporary difference adjustments as distributions in excess of earnings (¥1,410 per unit).

	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	37th period From March 1, 2024 to August 31, 2024
Unappropriated retained earnings (Yen in thousands)	11,419,562	11,395,808	11,358,853	10,506,085	10,142,898
Retained earnings carried forward (Note) (Yen in thousands)	271,962	134,528	127,733	86,965	597
Total distributions (Yen in thousands)	13,031,440	13,105,680	13,091,760	13,249,520	13,396,885
Distributions per unit (Yen)	5,617	5,649	5,643	5,711	5,804
Of the above, total earnings distributions (Yen in thousands)	11,147,600	11,261,280	11,231,120	10,419,120	10,142,301
Earnings distributions per unit (Yen)	4,805	4,854	4,841	4,491	4,394
Of the above, total capital refunds (Yen in thousands)	1,883,840	1,844,400	1,860,640	2,830,400	3,254,584
Capital refunds per unit (Yen)	812	795	802	1,220	1,410
Of total capital refunds, total distributions deemed as distributions from the allowance for temporary difference adjustments (Yen in thousands)	1,839,760	1,844,400	1,860,640	2,777,040	3,254,584
Of capital refunds per unit, distributions deemed as distributions from the allowance for temporary difference adjustments per unit (Yen)	793	795	802	1,197	1,410
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, despite the current rise in prices, the Japanese economy is expected to recover gradually against the background of a recovery in personal consumption, driven by continuous rises in wages, solid capital investment, growth in inbound tourism, etc. Meanwhile, we must be aware of the future impact on Japanese economic activities from such risk factors as trends in monetary policy at the Bank of Japan and other central banks around the world, the danger of economic recession in overseas economies, trends in the commercial real estate market in the United States, economic stagnation in China, surging resource prices, and the direction of the foreign exchange markets.

In the J-REIT market, the Tokyo Stock Exchange REIT Index was 1,758 points at the end of August 31, 2024. In July 2024, the Bank of Japan raised the short-term interest rate (uncollateralized call rate) to 0.25%, proceeding the move to the normalization of monetary policy. Going forward, if the economy and resource prices continue to move in line with the Bank of Japan's outlook, its policy will be to raise policy rates and adjust the degree of monetary easing, and we must be aware of trends in monetary policy management.

In the real estate trading market, because interest rates are still low relative to those of major overseas countries, and because the accommodative financial environment is expected to be maintained for the time being, demand from market participants for the acquisition of properties continues to be strong. On the other hand, factors such as the rising price of land and persistently high construction costs have resulted in transaction prices of properties remaining at elevated levels.

ii) Future Operating Policies and Issues to Be Addressed

(a) Growth Strategy

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

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

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

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

(b) ESG Initiatives

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 2024 GRESB Real Estate Assessment, DHR was awarded the rating of "4 Stars." In December 2023, 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 fulfillment, 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 has set targets for reducing greenhouse gas ("GHG") emissions by FY2030 and FY2050 as described below, and in February and August 2022, it became the first J-REIT to acquire certification for its emission targets from the Science Based Targets initiative (SBTi)<sup>(Note 1)</sup>, which certifies that the targets are science-based targets consistent with the standards required by the Paris Agreement.

Item	Coverage	Base year	Target year	Target
GHG emissions (Scope 1 and 2)	All properties	2020	2030	Reduce total emissions by 42%
GHG emissions (Scope 3)	Properties with data available	2020	2030	Calculate and reduce total emissions
GHG emissions (Value chain)	All properties	2020	2050	Net zero

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. Disposition of Assets

DHR disposed of the following property:

Asset name	D Project Kuki II
Asset type	Trust beneficiary interests in real estate
Asset class	Logistics properties
Disposition price (Note 1)	¥10,100 million
Buyer (Note 2)	DH Bridge 1 Godo Kaisha
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, invests.

B. Decision on Repurchase and Cancellation of Investment Units

At the meeting of the Board of Directors held on October 17, 2024, DHR made a decision on matters concerning repurchase of 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.

(a) Reason for the Repurchase of 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 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 repurchased investment units): 0.61%
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 investment units with a securities company
Period of repurchase	From October 18, 2024 to January 15, 2025

In addition, at the meeting of the Board of Directors held on November 25, 2024, DHR made a decision on matters concerning cancellation of all the repurchased investment units pursuant to the provisions of Article 80, Paragraph 2 and Paragraph 4 of the Investment Trust Act.

Total number of investment units to be cancelled	12,977 units Ratio to total number of investment units issued before the cancellation: 0.56%
Anticipated date of cancellation	November 29, 2024

C. Debt Financing

DHR conducted debt financing for the funds for the repayments of ¥14,100 million in long-term loans due on October 31, 2024, as follows:

Lender	Borrowing amount (Yen in millions)	Interest rate	Borrowing date	Repayment date	Method of repayment	Collateral
Sumitomo Mitsui Banking Corporation The Norinchukin Bank Sumitomo Mitsui Trust Bank, Limited SBI Shinsei Bank, Limited Shinkin Central Bank The Chiba Bank, Ltd. The Nishi-Nippon City Bank, Ltd. The Bank of Fukuoka, Ltd. The 77 Bank, Ltd. The Chugoku Bank, Limited The Iyo Bank, Ltd.	8,100	1.10164% (Fixed)	October 31, 2024	April 30, 2031	Bullet repayment	Unsecured and non-guaranteed
Sumitomo Mitsui Trust Bank, Limited The Norinchukin Bank The 77 Bank, Ltd. The Chugoku Bank, Limited Resona Bank, Limited Sumitomo Mitsui Banking Corporation MUFG Bank, Ltd. Mizuho Bank, Ltd. The Chiba Bank, Ltd. The Iyo Bank, Ltd. (Sustainability Loan) (Note)	6,000	1.26625% (Fixed)	October 31, 2024	October 29, 2032	Bullet repayment	Unsecured and non-guaranteed

(Note) This financing was conducted as a sustainability loan based on the sustainability finance framework designed by DHR (the "Sustainability Loan"). The sustainability finance framework has received the highest evaluation of "SU 1 (F)" in the "JCR Sustainability Finance Framework Evaluation" by Japan Credit Rating Agency, Ltd. ("JCR"). The Sustainability Loan complies with "Green Loan Principles," "Social Loan Principles," and "Green Loan Guideline," which are international guidelines. In addition, the Sustainability Loan has received an evaluation of "SU 1" in the "JCR Sustainability Loan Evaluation" by JCR. For details of the evaluation, please refer to the JCR website (<https://www.jcr.co.jp/en/greenfinance/>).

D. Acquisition of Assets

The Asset Manager decided acquisition of the following asset by DHR as of November 25, 2024.

Asset name	Castalia Nishifunabashi II (tentative name)
Asset type	Trust beneficiary interests in real estate
Asset class	Residential properties
Anticipated acquisition price (Note 1)	¥2,725 million
Seller	Undisclosed (Note 2)
Anticipated date of acquisition	February 27, 2026

(Notes) 1. "Anticipated acquisition price" is based on the sale and purchase price set forth in the trust beneficiary interest sale and purchase agreement related to the acquisition of Castalia Nishifunabashi II (tentative name). This figure does not include expenses pertaining to acquisitions, settlement money such as taxes and public dues, consumption taxes, etc. In case the development costs, etc. of the building to be borne by the seller increases or decreases, the anticipated acquisition price may be subject to increase or decrease upon mutual consultation.  
2. Undisclosed as consent for disclosure has not been obtained from the seller.

## 2. Overview of the Investment Corporation

### (1) Status of Investment Units

	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	37th period As of August 31, 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	2,308,216
Unitholders' capital (Yen in thousands)	268,042,601	268,042,601	268,042,601	268,042,601	268,042,601
Number of unitholders	17,915	17,591	17,326	19,768	20,937

### (2) Matters concerning Investment Units

The major unitholders as of August 31, 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)	550,396	23.8
The Master Trust Bank of Japan, Ltd. (Trust account)	378,675	16.4
The Nomura Trust and Banking Co., Ltd. (Investment trust account)	111,223	4.8
Daiwa House Industry Co., Ltd.	91,200	4.0
State Street Bank West Client - Treaty 505234	37,620	1.6
JPMorgan Securities Japan Co., Ltd.	36,505	1.6
State Street Bank and Trust Company 505001	35,982	1.6
THE NOMURA TRUST AND BANKING CO., LTD. AS THE TRUSTEE OF REPURCHASE AGREEMENT MOTHER FUND	34,491	1.5
State Street Bank and Trust Company 505103	32,549	1.4
JAPAN SECURITIES FINANCE CO., LTD.	29,635	1.3
Total	1,338,276	58.0

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

(3) Officers

The following table provides information about the officers.

Title and post	Name	Major concurrent position	Total remuneration per title during the 37th period (Yen in thousands)
Executive Director	Tsuyoshi Saito	Corporate Advisor, Sumitomo Mitsui Trust General Service Co., Ltd Corporate Advisor, Sumitomo Mitsui Trust Club Co., Ltd. Outside Auditor, NIHON KAGAKU SANGYO CO., LTD.	2,522
	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. Outside Audit & Supervisory Board Member, TBS HOLDINGS, INC. Audit & Supervisory Board Member, Tokyo Broadcasting System Television, Inc. Audit and Inspection Commissioner, the Tokyo Metropolitan Government	2,100
Accounting Auditor	Ernst & Young ShinNihon LLC	–	18,500

(Notes) 1. The Executive Director and Supervisory Directors do not hold investment units of DHR under their own or another person's name. Any Supervisory Director may serve as an executive of a corporation other than those listed above, but such corporations including those listed above do not have any interest in DHR.  
2. Dismissal or non-reappointment of the Accounting Auditor shall be discussed at DHR's board of directors pursuant to the provisions of the Investment Trusts Act for dismissal, taking into full account all relevant factors for non-reappointment such as the quality of audits and remuneration for audits.  
3. The amount of remuneration based on non-auditing duties paid to firms that belong to the same network as the Accounting Auditor was ¥9,452 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)	36th period February 29, 2024		37th period August 31, 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	23,215	2.4	23,129	2.4	
		Greater Nagoya area	905	0.1	897	0.1	
		Greater Osaka area	12,915	1.3	12,931	1.3	
		Other	3,284	0.3	3,256	0.3	
	Retail properties	Other	1,471	0.2	1,471	0.2	
	Subtotal		41,792	4.4	41,686	4.3	
	Trust beneficiary interests in real estate	Logistics properties	Greater Tokyo area	326,406	34.1	350,358	36.4
			Greater Nagoya area	14,998	1.6	14,902	1.5
			Greater Osaka area	24,817	2.6	24,618	2.6
			Other	83,460	8.7	75,896	7.9
Residential properties		Greater Tokyo area	161,259	16.8	160,415	16.6	
		Greater Nagoya area	4,974	0.5	4,955	0.5	
		Greater Osaka area	5,818	0.6	5,785	0.6	
Retail properties		Other	1,049	0.1	1,035	0.1	
		Greater Tokyo area	31,818	3.3	31,796	3.3	
		Greater Nagoya area	2,390	0.2	2,390	0.2	
Hotel properties	Three major metropolitan areas of Japan	Greater Osaka area	22,495	2.3	20,242	2.1	
		Other	61,591	6.4	61,485	6.4	
		Greater Tokyo area	12,855	1.3	12,810	1.3	
	Other	Greater Nagoya area	5,276	0.6	5,241	0.5	
		Greater Osaka area	1,388	0.1	1,379	0.1	
		Other	7,934	0.8	7,878	0.8	
Other assets	Three major metropolitan areas of Japan	Greater Tokyo area	3,103	0.3	3,092	0.3	
	Other	36,395	3.8	36,143	3.8		
Subtotal		808,034	84.4	820,430	85.2		
Deposits and other assets		107,925	11.3	101,370	10.5		
Total assets		957,752	100.0	963,486	100.0		

(Notes) 1. Three major metropolitan areas of Japan in "Area" are the greater Tokyo area (Tokyo, Kanagawa, Saitama and Chiba), the greater Nagoya area (Aichi, Gifu and Mie) and the greater Osaka area (Osaka, Kyoto, Hyogo, Nara and Shiga). The same shall apply hereinafter.  
2. "Total amount held" represents the amounts recorded on the balance sheets as of the last day of each fiscal period (February 29, 2024 and August 31, 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.  
3. "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 August 31, 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	33,369	138,900.39	138,900.39	100.0	3.5	Retail properties
DPL Nagareyama III	31,473	106,859.16	106,859.16	100.0	(Note 6)	Logistics
DPL Nagareyama I	31,440	124,489.93	124,489.93	100.0	(Note 6)	Logistics
DPL Urayasu III	30,086	57,235.33	57,235.33	100.0	2.4	Logistics
GRANODE Hiroshima	27,544	29,915.08	29,915.08	100.0	(Note 6)	Other assets
D Project Urayasu II	25,053	72,320.01	72,320.01	100.0	(Note 6)	Logistics
DPL Misato	15,994	55,861.44	55,861.44	100.0	(Note 6)	Logistics
D Project Hiratsuka	14,806	65,272.52	65,272.52	100.0	(Note 6)	Logistics
D Project Hachioji	14,435	62,394.17	62,394.17	100.0	(Note 6)	Logistics
DPL Fukuoka Kasuya	12,516	73,757.61	73,757.61	100.0	(Note 6)	Logistics
Total	236,720	787,005.64	787,005.64	100.0	23.4	—

- (Notes) 1. "Book value" is the amount recorded on the balance sheets as of August 31, 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 August 31, 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 August 31, 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 August 31, 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 August 31, 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 August 31, 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)
Logistics properties	D Project Machida	2-1-6, Oyamagaoka, Machida City, Tokyo	Real estate in trust	50,490.39	11,600	8,968
	D Project Hachioji	3-21-1, Minami-Osawa, Hachioji City, Tokyo	Real estate in trust	62,394.17	19,500	14,435
	D Project Aikawa-Machi	4020-12, Aza Sakuradai, Nakatsu, Aikawa-machi, Aiko District, Kanagawa	Real estate in trust	14,240.84	4,830	3,545
	D Project Urayasu I	12-1, Chidori, Urayasu City, Chiba	Real estate in trust	36,515.81	10,800	9,095
	D Project Urayasu II	11-5, Chidori, Urayasu City, Chiba	Real estate in trust	72,320.01	30,900	25,053
	D Project Akanehama	3-2-8, Akanehama, Narashino City, Chiba	Real estate in trust	11,663.39	3,340	2,878
	D Project Noda	1-1, Aza Tamei, Futatsuka, Noda City, Chiba	Real estate in trust	29,232.53	7,350	5,903
	D Project Inuyama	5-5, Aza Takanebora, Inuyama City, Aichi	Real estate in trust	54,197.80	13,020	9,892
	D Project Neyagawa	2-24-12, Shimeno, Neyagawa City, Osaka	Real estate in trust	11,151.51	7,260	5,591
	D Project Morioka	3-18, Ogama-kazabayashi, Takizawa City, Iwate	Real estate in trust	9,558.32	1,210	1,139
	D Project Tsuchiura	20-29, Aza Harayama, Hongo, Tsuchiura City, Ibaraki	Real estate in trust	17,448.86	3,910	3,007
	D Project Fukuoka Umi	384-15, Aza Noguchi, Oaza Ino, Umi-machi, Kasuya District, Fukuoka	Real estate in trust	24,729.56	5,580	3,906
	D Project Tosu	1624, Aza Hasuhara, Himekata-machi, Tosu City, Saga	Real estate in trust	17,858.01	7,220	5,026
	D Project Kuki I	6004-2, Aza Taikoda, Shobu-cho Shobu, Kuki City, Saitama	Real estate in trust	22,708.72	5,000	3,579
	D Project Kuki II	6201-1, Aza Kazarimen, Shobu-cho Sanga, Kuki City, Saitama	Real estate in trust	50,498.00	10,100	7,756
	D Project Kawagoe I	3-2-3, Yoshinodai, Kawagoe City, Saitama	Real estate in trust	16,150.88	4,310	3,270
	D Project Kawagoe II	3-2-4, Yoshinodai, Kawagoe City, Saitama	Real estate in trust	19,872.00	6,170	4,502
	DPL Inuyama	1-8, Aza Nakahiratsuka, Oaza Haguroshinden, Inuyama City, Aichi	Real estate in trust	21,628.50	4,710	3,594
	D Project Fukuoka Hakozaki	5-2-1, Hakozakifuto, Higashi Ward, Fukuoka City, Fukuoka	Real estate in trust	34,710.80	5,250	4,038
	D Project Kuki III	6004-1, Aza Taikoda, Shobu-cho Shobu, Kuki City, Saitama	Real estate in trust	26,937.41	9,510	6,938
	D Project Kuki IV	6201-5, Aza Kazarimen, Shobu-cho Sanga, Kuki City, Saitama	Real estate in trust	26,460.00	6,830	4,987
	D Project Kuki V	6201-6, Aza Kazarimen, Shobu-cho Sanga, Kuki City, Saitama	Real estate in trust	47,320.89	12,100	7,533
	D Project Kuki VI	48-3, Kiyoku-cho, Kuki City, Saitama	Real estate in trust	29,244.66	6,910	4,611
	D Project Yashio	50-1, Oaza Shin-machi, Yashio City, Saitama	Real estate in trust	21,965.04	7,370	6,064
	D Project Nishiyodogawa	2-7-48, Nakashima, Nishiyodogawa Ward, Osaka City, Osaka	Real estate in trust	39,584.80	12,700	9,325
	D Project Matsudo	700-3, Aza Nishinooda, Kamihongo, Matsudo City, Chiba	Real estate in trust	26,776.67	8,560	6,882
	D Project Hibiki Nada	3-1-5, Hibiki-machi, Wakamatsu Ward, Kitakyushu City, Fukuoka	Real estate in trust	23,933.75	2,370	1,845
	D Project Morioka II	3-15, Ogama-kazabayashi, Takizawa City, Iwate	Real estate in trust	4,481.00	1,320	1,155
	D Project Kawagoe III	2-8-55, Yoshinodai, Kawagoe City, Saitama	Real estate in trust	39,572.32	8,990	6,628
	D Project Kazo	2-16-1, Okuwa, Kazo City, Saitama	Real estate in trust	18,437.60	4,110	3,059
	D Project Urayasu III	12-1, Chidori, Urayasu City, Chiba	Real estate in trust	39,441.32	10,500	8,359
	D Project Kyotanabe	3-50-1, Kannabidai, Kyotanabe City, Kyoto	Real estate in trust	10,965.68	4,240	3,264
	D Project Sendai Izumi	2-9-1, Akedori, Izumi Ward, Sendai City, Miyagi	Real estate in trust	10,764.05	1,910	1,356
	D Project Oyama	2333-34, Aza Atago, Oaza Hari, Oyama City, Tochigi	Real estate in trust	14,106.91	2,230	1,810
	D Project Sano	570-9, Nishiura-cho, Sano City, Tochigi	Real estate in trust	15,668.44	2,030	1,581
	D Project Tatebayashi	110-8, Aza Uchiya, Shimosagawada-cho, Tatebayashi City, Gunma	Real estate in trust	13,521.56	3,540	2,788
	D Project Kakegawa	653-14, Aza Oyabu, Sakagawa, Kakegawa City, Shizuoka	Real estate in trust	39,341.44	6,890	5,471
	D Project Hiroshima Seifu	2-2-1, Tomonishi, Asaminami Ward, Hiroshima City, Hiroshima	Real estate in trust	19,004.72	4,620	3,494
	D Project Tosu II	1621, Aza Hasuhara, Himekata-machi, Tosu City, Saga	Real estate in trust	13,012.50	2,560	1,511
	D Project Kawagoe IV	3-2-1, Yoshinodai, Kawagoe City, Saitama	Real estate in trust	24,684.47	6,650	5,519
D Project Kuki VII	6004-3, Aza Taikoda, Shobu-cho Shobu, Kuki City, Saitama	Real estate in trust	3,225.46	1,310	995	
D Project Chibakita	461-1, Naganumacho, Inage Ward, Chiba City, Chiba	Real estate in trust	24,368.86	9,110	7,242	
D Project Matsudo II	700-1, Aza Nishinooda, Kamihongo, Matsudo City, Chiba	Real estate in trust	25,305.82	9,270	7,715	
D Project Tomisato II	1-6, Misawa, Tomisato City, Chiba	Real estate in trust	40,870.56	8,020	6,333	
D Project Osaka Hirabayashi	2-6-15, Hirabayashikita, Suminoe Ward, Osaka City, Osaka	Real estate in trust	22,485.08	4,250	3,297	
D Project Sendai Izumi II	3-1-1, Akedori, Izumi Ward, Sendai City, Miyagi	Real estate in trust	39,580.46	8,840	6,596	
D Project Fuji	2261-6, Aza Shiroyama, Obuchi, Fuji City, Shizuoka	Real estate in trust	23,795.40	3,950	3,277	





# 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	Royal Parks Wakabadai	2-1-1, Wakabadai, Inagi City, Tokyo	Real estate in trust	21,367.93	4,770	3,122
	Pacific Royal Court Minatomirai Urban Tower	5-3-3, Minatomirai, Nishi Ward, Yokohama City, Kanagawa	Real estate in trust	26,294.49	11,100	6,583
	L-Place Shinkoyasu	3-298-1, Koyasu-dori, Kanagawa Ward, Yokohama City, Kanagawa	Real estate in trust	3,009.74	2,320	1,510
	Royal Parks Musashikosugi	13-8, Aza Shinjuku-kochi, Nakamaruko, Nakahara Ward, Kawasaki City, Kanagawa	Real estate in trust	3,808.97	1,290	822
	Castalia Sakaisuji Honmachi	1-3-7, Kyutarochi, Chuo Ward, Osaka City, Osaka	Real estate in trust	3,471.39	2,150	1,269
	Castalia Shin-Umeda	6-8-21, Nakatsu, Kita Ward, Osaka City, Osaka	Real estate in trust	3,279.90	1,970	1,178
	Castalia Abeno	2-4-37, Abeno-Suji, Abeno Ward, Osaka City, Osaka	Real estate	10,920.75	6,740	3,922
	Castalia Sakae	4-16-10, Sakae, Naka Ward, Nagoya City, Aichi	Real estate	2,836.00	1,410	897
	Castalia Higashi Hie	5-31, Hie-cho, Hakata Ward, Fukuoka City, Fukuoka	Real estate	3,061.60	1,330	821
	Castalia Tower Nagahoribashi	1-15-25, Shimanouchi, Chuo Ward, Osaka City, Osaka	Real estate	8,747.40	5,310	2,846
	Castalia Sannomiya	3-2-31, Isobedori, Chuo Ward, Kobe City, Hyogo	Real estate	3,071.60	1,690	1,014
	Castalia Kotodaikoen	3-10-24, Kokubun-cho, Aoba Ward, Sendai City, Miyagi	Real estate	1,684.10	611	403
	Castalia Ichibancho	1-6-27, 1-6-30, Ichibancho, Aoba Ward, Sendai City, Miyagi	Real estate	2,800.32	1,020	641
	Castalia Omachi	2-5-8, Omachi, Aoba Ward, Sendai City, Miyagi	Real estate	2,149.08	886	547
	Castalia Uemachidai	4-1-12, Uehonmachi Nishi, Chuo Ward, Osaka City, Osaka	Real estate	5,415.39	3,220	1,929
	Castalia Tower Higobashi	1-2-24, Tosabori, Nishi Ward, Osaka City, Osaka	Real estate	6,230.20	4,060	2,271
	Castalia Fushimi	1-8-49, Nishiki, Naka Ward, Nagoya City, Aichi	Real estate in trust	7,022.69	3,290	1,828
	Castalia Yakuin	2-3-13, Imaizumi, Chuo Ward, Fukuoka City, Fukuoka	Real estate	2,784.83	1,420	842
	Castalia Mibu	79, Mibu Aiai-cho, Nakagyo Ward, Kyoto City, Kyoto	Real estate in trust	2,828.39	1,710	997
	Castalia Tsutsujigaoka	4-2-35, Shintera, Wakabayashi Ward, Sendai City, Miyagi	Real estate in trust	4,471.11	1,920	1,035
	Royal Parks Namba	2-2-40, Minato machi, Naniwa Ward, Osaka City, Osaka	Real estate in trust	10,354.15	2,980	2,340
	Castalia Shigahondori	1-15-2, Wakabadori, Kita Ward, Nagoya City, Aichi	Real estate in trust	5,086.69	2,470	1,427
	Castalia Kyoto Nishioji	100-1, Shichijyo Goshonouchi Minamimachi, Shimogyo Ward, Kyoto City, Kyoto	Real estate	2,035.37	1,060	945
	Castalia Ningyocho III	1-2-3, Nihonbashi Ningyocho, Chuo Ward, Tokyo	Real estate in trust	2,897.06	3,120	1,874
	Royal Parks Umejima	5-25-33, Umeda, Adachi Ward, Tokyo	Real estate in trust	6,828.78	2,420	1,714
Castalia Shinsakae II	1-29-21, Shinsakae, Naka Ward, Nagoya City, Aichi	Real estate in trust	4,425.46	2,100	1,700	
Castalia Sumiyoshi II	1-16-1, Sumiyoshi, Koto Ward, Tokyo	Real estate in trust	1,687.89	1,520	1,503	
Residential properties – Subtotal				444,199.07	326,680	212,307
Retail properties	ACROSSMALL Shinkamagaya	2-12-1, Shin-Kamagaya, Kamagaya City, Chiba	Real estate in trust	41,742.84	9,000	7,405
	FOLEO Hirakata	1-20-10, Koyamichi, Hirakata City, Osaka	Real estate in trust	16,385.56	1,900	1,900
	QIZ GATE URAWA	3720, Aza Fudodani, Oaza Nakao, Midori Ward, Saitama City, Saitama	Real estate in trust	9,720.49	4,530	4,013
	UNICUS Takasaki	1150-5, Aza Nishikanai, Iizuka-machi, Takasaki City, Gunma	Real estate in trust	9,277.08	3,270	2,856
	ACROSSPLAZA Miyoshi (Land)	855-403, Aza Kitashinno, Oaza Fujikubo, Miyoshi-machi, Iruma District, Saitama	Real estate in trust	24,018.00	4,040	3,740
	DREAM TOWN ALI	3-1-1, Hamada, Aomori City, Aomori	Real estate in trust	22,196.81	8,390	7,609
	ASOBOX (Land)	2-2-16, Nakatsuguchi, Kokura Kita Ward, Kitakyushu City, Fukuoka	Real estate in trust	11,207.90	2,140	1,617
	FOLEO Ome Imai	3-10-9, Imai, Ome City, Tokyo	Real estate in trust	8,637.91	4,000	3,583
	FOLEO Otsu Ichiriyama	7-1-1, Ichiriyama, Otsu City, Shiga	Real estate in trust	62,917.73	8,720	7,758
	FOLEO Hakata (Note 5)	1-14-46, Higashinaka, Hakata Ward, Fukuoka City, Fukuoka	Real estate in trust	23,230.77	3,790	3,122
	ACROSSMALL Semboku (Land)	5-456-67, Harayamadai, Minami Ward, Sakai City, Osaka	Real estate in trust	30,824.72	3,950	3,383
	ias Tsukuba	5-19, Kenkyugakuen, Tsukuba City, Ibaraki	Real estate in trust	138,900.39	35,600	33,369
	LIFE Sagamihara Wakamatsu	5-19-5, Wakamatsu, Minami Ward, Sagamihara City, Kanagawa	Real estate in trust	2,973.44	1,930	1,623
	FOLEO Sendai Miyanomori	4-14-5, Higashisendai, Miyagino Ward, Sendai City, Miyagi	Real estate in trust	20,050.86	8,070	6,788
	ACROSSPLAZA Inazawa (Land)	5-1-1, Otsuka Minami, Inazawa City, Aichi	Real estate in trust	31,981.70	2,660	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	2,520	2,040
	Hiratsuka Retail Property (Land)	1-2, Kuryozutsumi, Hiratsuka City, Kanagawa	Real estate in trust	28,002.92	6,950	5,857
	Royal Home Center Morinomiya (Land)	1-540-1, Tamatsukuri, Chuo Ward, Osaka City, Osaka	Real estate in trust	6,669.74	5,340	4,541
	Aoyama Tailor Bunkyo Sengoku Ekimae Store	2-29-21, Honkomagome, Bunkyo Ward, Tokyo	Real estate in trust	1,066.95	786	758

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	FOLEO Shobu	6006-1, Aza Terada, Shobu, Shobucho, Kuki City, Saitama	Real estate in trust	19,104.17	5,360	4,801
	Hapias Kaita (Land)	2-1262-11, Une, Kaita-cho, Aki District, Hiroshima	Real estate	13,415.52	1,560	1,471
	COMBOX310	1-107-1, Miyamachi, Mito City, Ibaraki	Real estate in trust	30,517.69	5,340	4,080
	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	2,720	2,658
Retail properties – Subtotal				571,213.35	132,566	117,370
Hotel properties	Daiwa Roynet Hotel Yokohama Kannai	2-7-4, Hagoromocho, Naka Ward, Yokohama City, Kanagawa	Real estate in trust	7,932.37	5,030	4,562
	Super Hotel JR Nara Station Sanjo Street	500-1, Sanjo-cho, Nara City, Nara	Real estate in trust	2,637.18	1,400	1,379
	Daiwa Roynet Hotel Nagoya Shinkansenguchi	1-23, Tsubakicho, Nakamura Ward, Nagoya City, Aichi	Real estate in trust	7,605.41	4,380	5,241
	AMANEK Kanazawa	2-25-17, Katamachi, Kanazawa City, Ishikawa	Real estate in trust	7,011.58	5,160	4,902
	Candeo Hotels Nagasaki Shinchi Chinatown	3-12 Doza-machi, Nagasaki City, Nagasaki	Real estate in trust	6,770.65	3,440	2,975
	MIMARU Tokyo Akasaka	7-9-6, Akasaka, Minato Ward, Tokyo	Real estate in trust	1,909.44	3,320	3,129
	MIMARU Tokyo Hatchobori	3-8-8, Nihonbashi Kayabacho, Chuo Ward, Tokyo	Real estate in trust	3,665.15	5,470	5,119
Hotel properties – Subtotal				37,531.78	28,200	27,310
Other assets	Urban Living Inage	327-1, Sanno-cho, Inage Ward, Chiba City, Chiba	Real estate in trust	4,177.52	1,340	751
	Aburatsubo Marina HILLS	1523-1, Aza Shirasu, Misaki-machi Moroiso, Miura City, Kanagawa	Real estate in trust	3,901.14	1,320	969
	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	6,847
	Sharp Hiroshima Building	2-13-4, Nishihara, Asaminami Ward, Hiroshima City, Hiroshima	Real estate in trust	3,064.89	2,000	1,751
	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	1,410	1,372
	GRANODE Hiroshima	3-5-7, Futabanosato, Higashi Ward, Hiroshima City, Hiroshima	Real estate in trust	29,915.08	33,100	27,544
	Other – Subtotal				55,884.23	47,610
Total				3,186,543.79	1,117,976	862,003

- (Notes)
- "Location" means displayed address of each real estate or each real estate in trust. If a property does not have a displayed address, the address of the building in the register (when there is more than one address, any of them) is shown. For land properties, the address of the land in the register is shown as location.
  - "Leasable area" means the leasable area of the building (or land in the case of land properties) in relation to each real estate or each real estate in trust and the figures stated refer to the area DHR believes is leasable as indicated in the relevant lease agreement or drawing of the building, etc. in relation to each real estate or each real estate in trust as of August 31, 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 August 31, 2024 provided by real estate appraisers (Daiwa Real Estate Appraisal Co., Ltd., Chuo Real Estate Appraisal Co., Ltd., The Tanizawa Sōgō Appraisal Co., Ltd., Japan Real Estate Institute and JLL Mori Valuation & Advisory K.K.) in accordance with the Articles of Incorporation of DHR as well as "Regulations on Accounting of Investment Corporations." The amounts are rounded down to the nearest million yen. There is no special interest between DHR and each real estate appraiser.
  - "Book value" is the amount recorded on the balance sheets as of August 31, 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.
  - Reconstruction has been underway since July 2024, and the real estate appraisal value used for the assessed value at the end of period is the appraisal value for only the portion of land leasehold rights (site of building being demolished for the reconstruction) that will be given to the building (for rent) with land leasehold rights after the reconstruction.



# I. Asset Management Report

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

Asset class	Property name	36th period (From September 1, 2023 to February 29, 2024)			37th period (From March 1, 2024 to August 31, 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)	(Note 3)
	D Project Hachioji	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Aikawa-Machi	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Urayasu I	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Urayasu II	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Akanehama	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Noda	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Inuyama	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Neyagawa	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Morioka	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Tsuchiura	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Fukuoka Umi	100.0	136,871	0.5	100.0	136,880	0.4
	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	142,611	0.5	100.0	142,686	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 (Note 4)	100.0	(Note 3)	(Note 3)	-	(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 (Note 5)	100.0	(Note 3)	(Note 3)	-	(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)

Asset class	Property name	36th period (From September 1, 2023 to February 29, 2024)			37th period (From March 1, 2024 to August 31, 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 Sagamihara	100.0	102,828	0.3	100.0	102,828	0.3
	D Project Kuki VIII	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Yokkaichi	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Ibaraki Ishioka	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Wako A	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Hiratsuka	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Kadoma I	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	DPL Misato	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	DPL Fukuoka Kasuya	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	DPL Kitakyushu	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	DPL Nagareyama I	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	DPL Shin-Narashino	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	DPL Nagareyama III	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	DPL Urayasu III	-	-	-	100.0	(Note 3)	(Note 3)
	Logistics properties – Subtotal	100.0	13,778,571	46.5	100.0	14,661,630	47.6
	Qiz Ebisu	95.7	240,820	0.8	98.1	242,033	0.8
	Castalia Azabujuban Shichimenzaka	95.3	116,466	0.4	99.2	116,436	0.4
	Castalia Shibakoen	100.0	73,291	0.2	97.1	74,306	0.2
	Castalia Ginza	97.3	70,265	0.2	98.8	73,481	0.2
	Castalia Hiroo	100.0	52,416	0.2	93.5	53,275	0.2
	Castalia Nihonbashi	98.2	40,674	0.1	98.2	39,956	0.1
	Castalia Hacchobori	100.0	69,191	0.2	96.8	70,513	0.2
	Castalia Azabujuban	98.4	74,918	0.3	100.0	74,193	0.2
	Castalia Azabujuban II	95.7	64,027	0.2	91.4	64,688	0.2
	Castalia Shinjuku Natsumezaka	97.7	49,109	0.2	92.3	48,659	0.2
	Castalia Ginza II	98.5	54,257	0.2	95.3	54,615	0.2
	Castalia Shibuya Sakuragaoka	95.0	37,130	0.1	100.0	36,175	0.1
	Castalia Nishi Azabu Kasumicho	96.0	79,045	0.3	97.2	76,918	0.2
	Castalia Ochanomizu	96.4	63,746	0.2	97.6	63,763	0.2
	Castalia Sangubashi	100.0	49,992	0.2	93.3	50,549	0.2
	Castalia Suitengu	100.0	49,036	0.2	100.0	48,983	0.2
	Castalia Suitengu II	100.0	44,108	0.1	96.6	44,003	0.1
	Castalia Shintomicho	100.0	35,970	0.1	96.7	35,311	0.1
	Castalia Shintomicho II	100.0	30,930	0.1	96.5	31,300	0.1
	Castalia Harajuku	95.1	28,230	0.1	100.0	29,245	0.1
	Castalia Yoyogi Uehara	100.0	22,960	0.1	100.0	23,137	0.1
	Castalia Sendagaya	79.5	18,002	0.1	90.9	24,920	0.1
	Castalia Shinjuku 7 chome	100.0	20,190	0.1	100.0	19,092	0.1
	Castalia Ningyocho	96.8	40,795	0.1	100.0	40,072	0.1
	Castalia Ningyocho II	100.0	42,193	0.1	97.7	42,872	0.1
	Castalia Shin-Ochanomizu	100.0	34,378	0.1	97.3	34,728	0.1
	Castalia Higashi Nihonbashi II	98.5	54,103	0.2	94.9	52,842	0.2
	Castalia Jinbocho	98.2	44,057	0.1	94.7	43,915	0.1
	Castalia Shintomicho III	100.0	25,020	0.1	97.8	25,142	0.1
	Castalia Shinjuku Gyoen	100.0	83,818	0.3	100.0	84,792	0.3
	Castalia Takanawadai	100.0	30,548	0.1	100.0	34,607	0.1
	Castalia Higashi Nihonbashi III	100.0	24,336	0.1	100.0	24,352	0.1
	Castalia Shinjuku Gyoen II	96.3	16,386	0.1	100.0	16,732	0.1
	Castalia Shintomicho IV	100.0	17,134	0.1	100.0	17,870	0.1
	Castalia Takanawadai II	98.0	39,541	0.1	95.5	44,113	0.1
	Castalia Minami Azabu	96.0	22,230	0.1	91.5	21,349	0.1
	Castalia Ginza III	98.7	89,826	0.3	98.0	89,396	0.3
	Castalia Kayabacho	98.8	105,380	0.4	95.6	104,393	0.3

I. Asset Management Report

Asset class	Property name	36th period (From September 1, 2023 to February 29, 2024)			37th period (From March 1, 2024 to August 31, 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)
Residential properties	Castalia Takanawa	97.8	266,446	0.9	98.5	268,490	0.9
	Castalia Higashi Nihonbashi	97.4	149,475	0.5	96.9	153,550	0.5
	Castalia Shinjuku	100.0	92,570	0.3	100.0	92,554	0.3
	Castalia Ichigaya	89.8	40,842	0.1	90.7	40,507	0.1
	Shibaura Island Bloom Tower	96.3	408,839	1.4	97.1	413,892	1.3
	Castalia Hatsudai	98.8	69,725	0.2	97.1	71,927	0.2
	Castalia Hatsudai II	98.8	60,341	0.2	100.0	62,724	0.2
	Castalia Ebisu	100.0	43,825	0.1	95.1	43,834	0.1
	Castalia Meguro Kamurozaka	99.1	133,196	0.4	97.3	131,121	0.4
	Castalia Toritsuigaiku	96.9	19,836	0.1	96.9	19,724	0.1
	Castalia Yukigaya	94.7	35,840	0.1	100.0	36,628	0.1
	Castalia Yutenji	97.4	38,296	0.1	95.3	37,306	0.1
	Castalia Otsuka	97.1	48,399	0.2	95.9	46,678	0.2
	Castalia Kikukawa	100.0	27,229	0.1	100.0	28,224	0.1
	Castalia Meguro	95.8	35,720	0.1	100.0	34,808	0.1
	Castalia Otsuka II	100.0	39,584	0.1	93.0	38,936	0.1
	Castalia Jiyugaoka	94.6	38,943	0.1	100.0	40,603	0.1
	Castalia Mejiro	100.0	34,427	0.1	96.2	35,738	0.1
	Castalia Ikebukuro	97.7	89,262	0.3	98.9	89,437	0.3
	Castalia Kaname-cho	100.0	41,114	0.1	98.6	41,012	0.1
	Castalia Tower Shinagawa Seaside	97.9	296,906	1.0	96.6	305,694	1.0
	Castalia Yakumo	100.0	23,934	0.1	100.0	24,614	0.1
	Castalia Togoshiekimae	100.0	53,726	0.2	100.0	53,657	0.2
	Castalia Honjo Azumabashi	100.0	40,034	0.1	94.6	39,863	0.1
	Castalia Kitazawa	100.0	28,322	0.1	100.0	28,428	0.1
	Castalia Monzennakacho	100.0	17,700	0.1	100.0	17,670	0.1
	Castalia Kamiikedai (Note 6)	24.9	4,209	0.0	-	367	0.0
	Castalia Morishita	100.0	34,207	0.1	100.0	33,906	0.1
	Castalia Wakabayashikoen	100.0	28,260	0.1	100.0	28,541	0.1
	Castalia Asakusabashi	98.0	34,843	0.1	100.0	34,968	0.1
	Castalia Iriya	100.0	24,985	0.1	100.0	25,659	0.1
	Castalia Kita Ueno	100.0	96,811	0.3	100.0	97,416	0.3
	Castalia Morishita II	100.0	29,110	0.1	97.6	29,071	0.1
	Castalia Minowa	99.0	52,958	0.2	100.0	52,015	0.2
	Castalia Oyamadai	100.0	17,377	0.1	100.0	17,360	0.1
	Castalia Nakano	97.7	36,937	0.1	97.7	37,778	0.1
	Castalia Yoga	98.3	33,605	0.1	95.5	33,528	0.1
	Castalia Sumiyoshi	100.0	34,114	0.1	98.4	33,733	0.1
	Castalia Monzennakacho II	100.0	69,308	0.2	100.0	69,507	0.2
	Castalia Oshiage	100.0	38,727	0.1	97.7	38,488	0.1
	Castalia Kuramae	100.0	43,831	0.1	100.0	43,807	0.1
	Castalia Nakanobu	94.0	69,506	0.2	100.0	70,031	0.2
Royal Parks Toyosu	100.0	345,831	1.2	100.0	347,266	1.1	
Castalia Togoshi	98.2	74,185	0.3	97.5	76,430	0.2	
Castalia Ooimachi	100.0	41,143	0.1	98.5	44,252	0.1	
Castalia Omori	100.0	52,289	0.2	100.0	52,460	0.2	
Castalia Mishuku	98.9	71,036	0.2	93.4	68,170	0.2	
Castalia Arakawa	98.4	69,792	0.2	95.6	70,455	0.2	
Castalia Omori II	98.5	80,936	0.3	98.5	79,737	0.3	
Castalia Nakameguro	94.7	117,958	0.4	96.4	119,565	0.4	
Castalia Meguro Chojyamaru	100.0	64,573	0.2	97.2	65,097	0.2	
Castalia Meguro Takaban	98.4	52,674	0.2	93.4	52,070	0.2	
Castalia Omori III	98.3	49,001	0.2	95.7	49,131	0.2	
Castalia Meguro Tairamachi	100.0	34,278	0.1	98.0	35,413	0.1	
Royal Parks SEASIR	100.0	249,030	0.8	100.0	249,089	0.8	
Castalia Honkomagome	96.6	51,811	0.2	100.0	53,416	0.2	

Asset class	Property name	36th period (From September 1, 2023 to February 29, 2024)			37th period (From March 1, 2024 to August 31, 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)	
Residential properties	Cosmo Heim Musashikosugi	100.0	60,164	0.2	100.0	60,225	0.2	
	Castalia Tsurumi	100.0	30,252	0.1	93.8	29,664	0.1	
	Castalia Funabashi	94.2	31,020	0.1	96.6	31,900	0.1	
	Castalia Nishi Funabashi	98.8	34,049	0.1	98.8	35,247	0.1	
	Castalia Nogeayama	96.7	14,642	0.0	100.0	14,977	0.0	
	Castalia Ichikawa	100.0	19,680	0.1	100.0	22,768	0.1	
	Royal Parks Hanakoganei	100.0	246,848	0.8	100.0	246,488	0.8	
	Castalia Musashikosugi	98.9	57,642	0.2	97.9	57,567	0.2	
	Royal Parks Wakabadai	100.0	262,326	0.9	100.0	263,498	0.9	
	Pacific Royal Court Minatomirai Urban Tower	100.0	530,460	1.8	100.0	529,494	1.7	
	L-Place Shinkoyasu	100.0	56,803	0.2	100.0	56,809	0.2	
	Royal Parks Musashikosugi	100.0	69,504	0.2	100.0	70,025	0.2	
	Castalia Sakisuiji Honmachi	99.1	65,901	0.2	98.3	62,727	0.2	
	Castalia Shin-Umeda	100.0	55,778	0.2	99.2	56,120	0.2	
	Castalia Abeno	98.0	182,325	0.6	97.9	184,193	0.6	
	Castalia Sakae	94.8	43,286	0.1	94.0	45,200	0.1	
	Castalia Higashi Hie	99.2	44,712	0.2	98.8	45,919	0.1	
	Castalia Tower Nagahoribashi	98.8	165,521	0.6	95.5	168,002	0.5	
	Castalia Sannomiya	99.1	52,886	0.2	99.0	53,785	0.2	
	Castalia Kotodaikoen	98.2	24,074	0.1	96.5	24,336	0.1	
	Castalia Ichibancho	98.4	38,818	0.1	96.9	38,471	0.1	
	Castalia Omachi	97.2	32,364	0.1	93.1	31,707	0.1	
	Castalia Uemachidai	100.0	96,278	0.3	100.0	92,274	0.3	
	Castalia Tower Higobashi	97.8	129,386	0.4	98.2	130,611	0.4	
	Castalia Fushimi	95.0	103,636	0.3	92.9	102,895	0.3	
	Castalia Yakuin	98.3	44,064	0.1	97.5	44,364	0.1	
	Castalia Mibu	96.3	47,551	0.2	98.8	48,682	0.2	
	Castalia Tsutsujigaoka	94.4	59,485	0.2	98.4	59,484	0.2	
	Royal Parks Namba	100.0	140,426	0.5	100.0	140,071	0.5	
	Castalia Shigahondori	97.2	74,949	0.3	100.0	76,190	0.2	
	Castalia Kyoto Nishioji	95.0	33,269	0.1	100.0	34,433	0.1	
	Castalia Ningyocho III	99.0	71,456	0.2	95.1	71,405	0.2	
	Royal Parks Umejima	100.0	103,589	0.3	100.0	103,893	0.3	
	Castalia Shinsakae II	100.0	59,926	0.2	100.0	59,844	0.2	
	Castalia Sumiyoshi II	93.2	35,663	0.1	94.4	36,482	0.1	
	Residential properties – Subtotal		98.5	9,351,170	31.5	98.2	9,408,883	30.5
	Retail properties	ACROSSMALL Shinkamagaya	100.0	280,500	0.9	100.0	280,500	0.9
		FOLEO HIRAKATA	94.3	239,573	0.8	55.3	410,427	1.3
		QIZ GATE URAWA	100.0	226,281	0.8	100.0	204,696	0.7
		UNICUS Takasaki	100.0	129,870	0.4	100.0	129,870	0.4
		ACROSSPLAZA Miyoshi (Land)	100.0	94,295	0.3	100.0	94,296	0.3
		DREAM TOWN ALI	99.7	359,204	1.2	99.0	356,854	1.2
ASOBOX (Land)		100.0	47,088	0.2	100.0	47,088	0.2	
FOLEO Ome Imai		100.0	128,820	0.4	100.0	145,913	0.5	
FOLEO Otsu Ichiryuama		100.0	322,620	1.1	100.0	322,760	1.0	
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	90,621	0.3	
iiAS Tsukuba		100.0	1,075,000	3.6	100.0	1,075,033	3.5	
LIFE Sagamihara Wakamatsu		100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)	
FOLEO Sendai Miyanomori		100.0	239,274	0.8	100.0	250,274	0.8	
ACROSSPLAZA Inazawa (Land)		100.0	69,840	0.2	100.0	69,840	0.2	
Sports Depo and GOLF5 Kokurahigashi IC Store	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)		

Asset class	Property name	36th period (From September 1, 2023 to February 29, 2024)			37th period (From March 1, 2024 to August 31, 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	105,960	0.4	100.0	105,960	0.3
	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	38,766	0.1	100.0	38,742	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	4,254,291	14.4	98.7	4,430,427	14.4
Hotel properties	Daiwa Roynet Hotel Yokohama Kannai	100.0	157,200	0.5	100.0	159,598	0.5
	Super Hotel JR Nara Station Sanjo Street	100.0	49,038	0.2	100.0	50,112	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	69,669	0.2	100.0	69,669	0.2
	MIMARU Tokyo Hatchobori	100.0	114,438	0.4	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	348,032	1.2	99.4	364,648	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	100.0	1,000,657	3.4	100.0	1,013,260	3.3
	Other – Subtotal	100.0	(Note 3)	(Note 3)	99.9	(Note 3)	(Note 3)
<b>Total</b>	<b>99.8</b>	<b>29,643,403</b>	<b>100.0</b>	<b>99.5</b>	<b>30,822,524</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 February 29, 2024 and August 31, 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 August 30, 2024.  
5. The disposition of property was completed on August 30, 2024.  
6. The reconstruction has been underway since July 2024.

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

Not applicable.

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

Not applicable.

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

The following summarizes contracted amount and fair value of specified transactions of DHR as of August 31, 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	58,400,000	54,400,000	1,160,025
<b>Total</b>		<b>58,400,000</b>	<b>54,400,000</b>	<b>1,160,025</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 August 31, 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	9,549	–	–	8,439	(1,110)	Deposited as business security deposit
<b>Total</b>		<b>10,000</b>	<b>9,549</b>	<b>–</b>	<b>–</b>	<b>8,439</b>	<b>(1,110)</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 August 31, 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
Castalia Shinjuku (Shinjuku Ward, Tokyo)	Large-scale renovations	From February 2024 to September 2024	165,880	–	–
Castalia Yakumo (Meguro Ward, Tokyo)	Large-scale renovations	From November 2024 to April 2025	45,100	–	–
Castalia Togoshiekimae (Shinagawa Ward, Tokyo)	Large-scale renovations	From October 2024 to February 2025	79,200	–	–
Castalia Morishita II (Koto Ward, Tokyo)	Intercom renewal	From December 2024 to February 2025	8,327	–	–
Royal Parks Toyosu (Koto Ward, Tokyo)	Large-scale renovations	From February 2024 to March 2025	616,000	–	–
Castalia Togoshi (Shinagawa Ward, Tokyo)	Intercom renewal	From May 2025 to August 2025	23,100	–	–
Castalia Ooimachi (Shinagawa Ward, Tokyo)	Large-scale renovations	From September 2024 to February 2025	74,580	–	–
Castalia Nakameguro (Meguro Ward, Tokyo)	Large-scale renovations	From July 2024 to March 2025	234,960	–	–
Castalia Funabashi (Funabashi City, Chiba)	Renewal work on elevators	From January 2025 to January 2025	8,800	–	–
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	109,340	–	–
Castalia Yakuin (Fukuoka City, Fukuoka)	Preventive maintenance of mechanical parking equipment	From February 2025 to February 2025	11,871	–	–
ACROSSMALL Shinkamagaya (Kamagaya City, Chiba)	Replacement of HVAC second phase	From October 2024 to December 2024	136,521	–	–
iiias Tsukuba (Tsukuba City, Ibaraki)	Replacement of HVAC third and fourth phase	From November 2024 to February 2025	237,600	–	–
FOLEO Shobu (Kuki City, Saitama)	Installation of solar car ports	From January 2025 to March 2025	67,430	13,860	–
COMBOX310 (Mito City, Ibaraki)	Interior renovation work at Daiwa Roynet Hotel Mito	From December 2024 to April 2025	1,541,210	–	–
	Interior renovation work for common area of commercial floors	From January 2025 to February 2025	72,160	–	–
	Work on east-facade sash, etc. of commercial floors	From January 2025 to March 2025	52,800	–	–
	Rooftop waterproofing work on commercial floors	From January 2025 to March 2025	63,250	–	–

### (2) Capital Expenditures during the Period

For owned properties (real estate, real estate in trust, etc.), an overview of major construction work conducted during the current fiscal period that falls into DHR's capital expenditures is as follows: Capital expenditures during the current fiscal period were ¥1,802,622 thousand together with ¥1,703,822 thousand in repairs and maintenance expenses and ¥270,140 thousand in restoration costs classified as expenses for the current fiscal period, making a total of ¥3,776,646 thousand in construction work.

Property name (Location)	Purpose	Period	Construction cost (Yen in thousands)
D Project Kitahachioji I (Hachioji City, Tokyo)	Replacement of HVAC	From March 2024 to May 2024	88,211
Castalia Kaname-cho (Toshima Ward, Tokyo)	Intercom renewal	From June 2024 to July 2024	15,350
Castalia Tower Nagahoribashi (Osaka City, Osaka)	Large-scale renovations	From September 2023 to August 2024	118,879
FOLEO Otsu Ichiriyama (Otsu City, Shiga)	Replacement of fire alarm monitor and disaster response monitor	From July 2024 to July 2024	84,893

### (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	(Yen in thousands)				
	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	37th period From March 1, 2024 to August 31, 2024
Balance of reserves at the beginning of period	1,520,675	1,534,755	1,548,835	1,562,915	1,576,995
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	1,534,755	1,548,835	1,562,915	1,576,995	1,591,075

## 5. Expenses and Liabilities

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

Item	(Yen in thousands)	
	36th period From September 1, 2023 to February 29, 2024	37th period From March 1, 2024 to August 31, 2024
Asset management fees (Note)	1,932,569	1,949,032
Asset custody fees	38,360	38,753
Administrative service fees	95,013	97,028
Directors' remuneration	6,720	6,722
Other expenses	415,507	423,133
<b>Total</b>	<b>2,488,171</b>	<b>2,514,671</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 ¥33,370 thousand and a management fee for disposition of properties of ¥10 thousand for the 36th period. For the 37th period, there were a management fee for property acquisition included in the cost of acquisition of individual investment properties, etc. of ¥75,000 thousand and a management fee for disposition of properties of ¥31,211 thousand.

### (2) Debt Financing

The status of loans per financial institution as of August 31, 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	
									Lender
Short-term loans			1,000,000	–					
	Sumitomo Mitsui Banking Corporation								
	Sumitomo Mitsui Trust Bank, Limited	October 2, 2023	1,000,000	–	0.35%	September 30, 2024	Bullet repayment (Note 7)	(Note 5)	Unsecured and non-guaranteed
	Mizuho Bank, Ltd.		1,000,000	–					
	Resona Bank, Limited		1,000,000	–					
	Sumitomo Mitsui Trust Bank, Limited	March 1, 2024	–	2,500,000	0.35%	February 28, 2025	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
	Sumitomo Mitsui Banking Corporation	March 1, 2024	–	2,500,000	0.35%	February 28, 2025	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
	MUFG Bank, Ltd.	March 1, 2024	–	2,500,000	0.35%	February 28, 2025	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
	Mizuho Bank, Ltd.	March 1, 2024	–	2,500,000	0.35%	February 28, 2025	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
	Subtotal	–	4,000,000	10,000,000	–	–		–	–
Current portion of long-term loans			1,000,000	–					
	Sumitomo Mitsui Banking Corporation								
	MUFG Bank, Ltd.	April 1, 2014	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	–					
	Development Bank of Japan Inc.		500,000	–					
	MUFG Bank, Ltd.		2,800,000	–					
	Sumitomo Mitsui Trust Bank, Limited		1,800,000	–					
	Sumitomo Mitsui Banking Corporation	September 30, 2016	1,800,000	–	0.48% (Note 3)	March 29, 2024	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
	Mizuho Bank, Ltd.		1,800,000	–					
	Aozora Bank, Ltd.		1,500,000	–					
	Resona Bank, Limited		900,000	–					
	SBI Shinsei Bank, Limited		400,000	–					
	Mitsui Sumitomo Insurance Company, Limited	March 9, 2017	1,000,000	–	0.55% (Note 3)	March 29, 2024	Bullet repayment	(Note 6)	Unsecured and non-guaranteed
Sumitomo Mitsui Trust Bank, Limited		500,000	–						
Sumitomo Mitsui Banking Corporation		1,500,000	–						
Mizuho Bank, Ltd.	April 10, 2018	1,000,000	–	0.52% (Note 3)	April 30, 2024	Bullet repayment	(Note 4)	Unsecured and non-guaranteed	
Aozora Bank, Ltd.		500,000	–						
The Norinchukin Bank		500,000	–						
SBI Shinsei Bank, Limited		500,000	–						
Shinkin Central Bank		500,000	–						
Nippon Life Insurance Company	September 28, 2015	1,000,000	1,000,000	0.73% (Note 3)	September 30, 2024	Bullet repayment	(Note 4)	Unsecured and non-guaranteed	

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					
The Norinchukin Bank		1,100,000	1,100,000					
Sumitomo Mitsui Trust Bank, Limited		1,000,000	1,000,000					
SBI Shinsei Bank, Limited		1,000,000	1,000,000					
Shinkin Central Bank	April 10, 2019	1,000,000	1,000,000	0.39% (Note 3)	October 31, 2024	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
The Bank of Fukuoka, Ltd.		500,000	500,000					
The Chiba Bank, Ltd.		500,000	500,000					
The 77 Bank, Ltd.		500,000	500,000					
The Nishi-Nippon City Bank, Ltd.		500,000	500,000					
The Iyo Bank, Ltd.		500,000	500,000					
The Chugoku Bank, Limited		500,000	500,000					
Sumitomo Mitsui Trust Bank, Limited		500,000	500,000					
The Norinchukin Bank		1,000,000	1,000,000					
The 77 Bank, Ltd.		700,000	700,000					
The Chugoku Bank, Limited		700,000	700,000					
Nippon Life Insurance Company	April 3, 2020	600,000	600,000	0.35% (Note 3)	October 31, 2024	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
Sumitomo Mitsui Banking Corporation		500,000	500,000					
MUFG Bank, Ltd.		500,000	500,000					
Mizuho Bank, Ltd.		500,000	500,000					
The Chiba Bank, Ltd.		500,000	500,000					
The Iyo Bank, Ltd.		500,000	500,000					
Sumitomo Mitsui Banking Corporation		-	4,000,000					
Aozora Bank, Ltd.	March 31, 2017	-	2,500,000	0.70% (Note 3)	March 31, 2025	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
Shinkin Central Bank		-	2,000,000					
MUFG Bank, Ltd.		-	1,500,000					
Resona Bank, Limited		-	1,000,000					
Sumitomo Mitsui Trust Bank, Limited		-	500,000					
Sumitomo Mitsui Banking Corporation		-	1,500,000					
Mizuho Bank, Ltd.	April 10, 2018	-	500,000	0.60% (Note 3)	April 30, 2025	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
Aozora Bank, Ltd.		-	500,000					
The Norinchukin Bank		-	500,000					
Resona Bank, Limited		-	500,000					
SBI Shinsei Bank, Limited		-	500,000					
Shinkin Central Bank		-	500,000					
Sumitomo Mitsui Banking Corporation		-	1,000,000					
MUFG Bank, Ltd.	November 30, 2015	-	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					
Mizuho Bank, Ltd.		-	1,000,000					
Subtotal	-	35,100,000	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
Sumitomo Mitsui Banking Corporation		1,000,000	-					
MUFG Bank, Ltd.	November 30, 2015	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	-					
Mizuho Bank, Ltd.		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.		3,000,000	3,000,000					
MUFG Bank, Ltd.	November 29, 2016	5,000,000	5,000,000	0.87% (Note 3)	November 30, 2026	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
Sumitomo Mitsui Trust Bank, Limited		3,000,000	3,000,000					
Resona Bank, Limited		1,000,000	1,000,000					
Development Bank of Japan Inc.	March 9, 2017	2,000,000	2,000,000	0.85% (Note 3)	March 31, 2027	Bullet repayment	(Note 6)	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		4,000,000	–					
Aozora Bank, Ltd.	March 31, 2017	2,500,000	–	0.70% (Note 3)	March 31, 2025	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
Shinkin Central Bank		2,000,000	–					
MUFG Bank, Ltd.		1,500,000	–					
Resona Bank, Limited		1,000,000	–					
Sumitomo Mitsui Banking Corporation		1,800,000	1,800,000					
MUFG Bank, Ltd.		2,200,000	2,200,000					
Mizuho Bank, Ltd.		1,200,000	1,200,000					
Resona Bank, Limited	April 11, 2017	1,100,000	1,100,000	0.76% (Note 3)	April 30, 2026	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
Mizuho Trust & Banking Co., Ltd.		1,000,000	1,000,000					
SBI Shinsei Bank, Limited		1,000,000	1,000,000					
The Bank of Fukuoka, Ltd.		1,000,000	1,000,000					
Sumitomo Mitsui Trust Bank, Limited		700,000	700,000					
Sumitomo Mitsui Banking Corporation		2,100,000	2,100,000					
MUFG Bank, Ltd.		3,700,000	3,700,000					
Sumitomo Mitsui Trust Bank, Limited	April 11, 2017	1,800,000	1,800,000	1.02% (Note 3)	April 28, 2028	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
Mizuho Bank, Ltd.		1,800,000	1,800,000					
Mizuho Trust & Banking Co., Ltd.		600,000	600,000					
Sumitomo Mitsui Trust Bank, Limited		3,400,000	3,400,000					
Sumitomo Mitsui Banking Corporation	July 31, 2017	3,400,000	3,400,000	0.89% (Note 3)	July 30, 2027	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
Mizuho Bank, Ltd.		3,400,000	3,400,000					
MUFG Bank, Ltd.		1,900,000	1,900,000					
Sumitomo Mitsui Banking Corporation		2,500,000	2,500,000					
MUFG Bank, Ltd.		2,000,000	2,000,000					
Development Bank of Japan Inc.		3,000,000	3,000,000					
Sumitomo Mitsui Trust Bank, Limited	November 29, 2017	2,500,000	2,500,000	0.90% (Note 3)	November 30, 2027	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
Mizuho Bank, Ltd.		2,500,000	2,500,000					
The 77 Bank, Ltd.		1,000,000	1,000,000					
The Nishi-Nippon City Bank, Ltd.		1,000,000	1,000,000					
The Iyo Bank, Ltd.		500,000	500,000					
The Bank of Kyoto, Ltd.		500,000	500,000					
The Chugoku Bank, Limited		500,000	500,000					
MUFG Bank, Ltd.	March 27, 2018	1,500,000	1,500,000	0.75% (Note 3)	September 30, 2027	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
Development Bank of Japan Inc.	April 10, 2018	2,000,000	2,000,000	0.65% (Note 3)	April 30, 2026	Bullet repayment	(Note 4)	Unsecured and non-guaranteed

Long-term loans

Classification	Borrowing date	Balance at the beginning of period (Yen in thousands)	Balance at the end of period (Yen in thousands)	Average interest rate (Note 1)	Repayment date	Method of repayment	Use	Note
Sumitomo Mitsui Trust Bank, Limited		500,000	–					
Sumitomo Mitsui Banking Corporation		1,500,000	–					
Mizuho Bank, Ltd.		500,000	–					
Aozora Bank, Ltd.	April 10, 2018	500,000	–	0.60% (Note 3)	April 30, 2025	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
The Norinchukin Bank		500,000	–					
Resona Bank, Limited		500,000	–					
SBI Shinsei Bank, Limited		500,000	–					
Shinkin Central Bank		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		2,500,000	2,500,000					
Mizuho Bank, Ltd.		2,700,000	2,700,000					
Sumitomo Mitsui Trust Bank, Limited	April 10, 2019	2,500,000	2,500,000	0.75% (Note 2)	April 27, 2029	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
Resona Bank, Limited		1,000,000	1,000,000					
Mizuho Trust & Banking Co., Ltd.		1,000,000	1,000,000					
MUFG Bank, Ltd.		700,000	700,000					
Sumitomo Mitsui Banking Corporation		2,000,000	2,000,000					
Sumitomo Mitsui Trust Bank, Limited	November 29, 2019	2,000,000	2,000,000	0.66% (Note 2)	November 30, 2029	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
MUFG Bank, Ltd.		2,000,000	2,000,000					
Mizuho Bank, Ltd.		2,000,000	2,000,000					
Development Bank of Japan Inc.		2,000,000	2,000,000					
Development Bank of Japan Inc.	January 31, 2020	1,500,000	1,500,000	0.59% (Note 3)	January 31, 2029	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
Sumitomo Mitsui Banking Corporation		1,000,000	1,000,000					
Aozora Bank, Ltd.		2,400,000	2,400,000					
Sumitomo Mitsui Trust Bank, Limited	January 31, 2020	1,000,000	1,000,000	0.46% (Note 3)	July 30, 2027	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
MUFG Bank, Ltd.		1,000,000	1,000,000					
Mizuho Bank, Ltd.		1,000,000	1,000,000					
The Norinchukin Bank		1,000,000	1,000,000					
Mizuho Trust & Banking Co., Ltd.		500,000	500,000					
The Yamaguchi Bank, Ltd.		500,000	500,000					
Sumitomo Mitsui Banking Corporation		2,200,000	2,200,000					
Sumitomo Mitsui Trust Bank, Limited	January 31, 2020	3,400,000	3,400,000	0.61% (Note 2)	January 31, 2030	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
Mizuho Trust & Banking Co., Ltd.		1,300,000	1,300,000					
MUFG Bank, Ltd.		1,200,000	1,200,000					
Mizuho Bank, Ltd.		900,000	900,000					
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
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

Long-term loans

Classification	Borrowing date	Balance at the beginning of period (Yen in thousands)	Balance at the end of period (Yen in thousands)	Average interest rate (Note 1)	Repayment date	Method of repayment	Use	Note
Sumitomo Mitsui Trust Bank, Limited		500,000	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
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					

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		1,000,000	1,000,000					
MUFG Bank, Ltd.		1,000,000	1,000,000					
Mizuho Bank, Ltd.		1,000,000	1,000,000					
Development Bank of Japan Inc.		1,000,000	1,000,000					
Mizuho Trust & Banking Co., Ltd.	September 3, 2021	1,000,000	1,000,000	0.56% (Note 3)	August 29, 2031	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
SBI Shinsei Bank, Limited		1,000,000	1,000,000					
The Yamanashi Chuo Bank, Ltd.		1,000,000	1,000,000					
Kansai Mirai Bank, Limited		1,000,000	1,000,000					
Shinkin Central Bank		500,000	500,000					
The Bank of Kyoto, Ltd.		500,000	500,000					
The Yamaguchi Bank, Ltd.		500,000	500,000					
The Dai-ichi Life Insurance Company, Limited	September 3, 2021	1,000,000	1,000,000	0.80% (Note 3)	August 31, 2033	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
Sumitomo Mitsui Trust Bank, Limited		500,000	500,000					
Sumitomo Mitsui Banking Corporation	October 1, 2021	500,000	500,000	0.28% (Note 3)	March 31, 2026	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
MUFG Bank, Ltd.		500,000	500,000					
Mizuho Bank, Ltd.		500,000	500,000					
The Chiba Bank, Ltd.		500,000	500,000					
The 77 Bank, Ltd.		500,000	500,000					
MUFG Bank, Ltd.		1,000,000	1,000,000					
Mizuho Bank, Ltd.		1,000,000	1,000,000					
The Norinchukin Bank		1,500,000	1,500,000					
Sumitomo Mitsui Trust Bank, Limited		1,000,000	1,000,000					
Sumitomo Mitsui Banking Corporation	October 1, 2021	1,000,000	1,000,000	0.37% (Note 3)	September 29, 2028	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
Development Bank of Japan Inc.		1,000,000	1,000,000					
Aozora Bank, Ltd.		1,000,000	1,000,000					
Resona Bank, Limited		1,000,000	1,000,000					
The Nishi-Nippon City Bank, Ltd.		1,000,000	1,000,000					
The Keiyo Bank, Ltd.		1,000,000	1,000,000					
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					

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		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.		1,100,000	1,100,000					
MUFG Bank, Ltd.	April 28, 2022	1,050,000	1,050,000	0.80% (Note 3)	October 31, 2030	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
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					
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

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
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	1,000,000	0.75% (Note 3)	September 30, 2027	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
Mizuho Bank, Ltd.		4,000,000	4,000,000					
Sumitomo Mitsui Trust Bank, Limited	September 29, 2023	4,000,000	4,000,000	1.08% (Note 3)	September 30, 2030	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
MUFG Bank, Ltd.		1,000,000	1,000,000					
Mizuho Trust & Banking Co., Ltd.		1,000,000	1,000,000					

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	900,000					
MUFG Bank, Ltd.		1,900,000	1,900,000					
Sumitomo Mitsui Banking Corporation	September 29, 2023	900,000	900,000	1.32% (Note 3)	September 30, 2032	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
Mizuho Bank, Ltd.		900,000	900,000					
Resona Bank, Limited		800,000	800,000					
The Norinchukin Bank		500,000	500,000					
The Chiba Bank, Ltd.		500,000	500,000					
SBI Shinsei Bank, Limited		300,000	300,000					
The Dai-ichi Life Insurance Company, Limited	September 29, 2023	1,000,000	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	1,000,000	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	1,000,000	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	2,000,000	1.43% (Note 3)	January 31, 2034	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
Mizuho Bank, Ltd.		-	3,000,000					
The Chiba Bank, Ltd.	March 1, 2024	-	600,000	0.74% (Note 3)	February 28, 2029	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
The Keiyo Bank, Ltd.		-	500,000					
The Yamaguchi Bank, Ltd.		-	500,000					
Kansai Mirai Bank, Limited		-	400,000					
MUFG Bank, Ltd.		-	2,800,000					
Sumitomo Mitsui Trust Bank, Limited		-	1,800,000					
Sumitomo Mitsui Banking Corporation	March 29, 2024	-	1,800,000	1.15% (Note 8)	March 31, 2032	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
Mizuho Bank, Ltd.		-	1,800,000					
Aozora Bank, Ltd.		-	1,500,000					
Resona Bank, Limited		-	900,000					
SBI Shinsei Bank, Limited		-	400,000					
Mitsui Sumitomo Insurance Company, Limited	March 29, 2024	-	1,000,000	1.00% (Note 3)	March 31, 2031	Bullet repayment	(Note 6)	Unsecured and non-guaranteed
Sumitomo Mitsui Banking Corporation		-	1,000,000					
MUFG Bank, Ltd.	April 1, 2024	-	1,000,000	0.91% (Note 3)	March 29, 2030	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
Sumitomo Mitsui Trust Bank, Limited		-	500,000					
Development Bank of Japan Inc.		-	500,000					
Sumitomo Mitsui Trust Bank, Limited		-	500,000					
Sumitomo Mitsui Banking Corporation	April 30, 2024	-	1,500,000	0.42%	April 30, 2027	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
Mizuho Bank, Ltd.		-	1,000,000					
The Norinchukin Bank		-	500,000					
Aozora Bank, Ltd.		-	500,000					
SBI Shinsei Bank, Limited		-	500,000					
Shinkin Central Bank		-	500,000					

Long-term loans

Classification	Borrowing date	Balance at the beginning of period (Yen in thousands)	Balance at the end of period (Yen in thousands)	Average interest rate (Note 1)	Repayment date	Method of repayment	Use	Note
Lender								
Subtotal	–	326,450,000	331,450,000	–	–	–	–	–
Total	–	365,550,000	376,550,000	–	–	–	–	–

- (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 investment corporation bonds.
  7. The entire amount was prepaid in full on August 30, 2024.
  8. The interest rate (per annum) from March 29, 2024 to May 29, 2025 is 1.15375%. From the day after May 29, 2025 onward, the interest rate, which is determined according to the achieved level of a pre-defined Sustainability Performance Target (hereinafter referred to as "SPT") on the reference date, will be applied.

### (3) Investment Corporation Bonds

The status of investment corporation bonds issued as of August 31, 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 SPT.  
 8. The interest rate (per annum) from the following day of May 25, 2022 to May 25, 2023 is 0.575%. From the day after May 25, 2023 onward, the interest rate, which is determined annually depending on the achieved level of the SPT on each reference date, will be applied.

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

Not applicable.

**(5) Unit Acquisition Rights**

Not applicable.

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

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

Property name	Acquisition		Disposition			Gain or loss on sale (Yen in millions) (Note 2)
	Date of acquisition	Acquisition price (Yen in millions) (Note 1)	Date of disposition	Disposition price (Yen in millions) (Note 1)	Book value (Yen in millions)	
DPL Urayasu III	March 1, 2024	30,000	-	-	-	-
D Project Kyotanabe (part of the land)	-	-	July 24, 2024	2	1	0
D Project Tomisato	-	-	August 30, 2024	5,970	4,523	1,430
D Project Kaminokawa	-	-	August 30, 2024	6,510	6,492	-
<b>Total</b>		<b>30,000</b>		<b>12,482</b>	<b>11,017</b>	<b>1,431</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**

Acquisition or disposition	Property name	Transaction date	Type of assets	Acquisition price or disposition price (Yen in millions) (Note 1)	Appraisal value (Yen in millions) (Note 2)	Appraisal agency (Note 2)	Date of value appraised (Note 2)
Acquisition	DPL Urayasu III	March 1, 2024	Trust beneficiary interests in real estate	30,000	31,100	The Tanizawa Sōgō Appraisal Co., Ltd.	December 31, 2023
Disposition	D Project Kyotanabe (part of the land)	July 24, 2024	Trust beneficiary interests in real estate	2	1	Japan Real Estate Institute	May 31, 2024
Disposition	D Project Tomisato	August 30, 2024	Trust beneficiary interests in real estate	5,970	5,970	The Tanizawa Sōgō Appraisal Co., Ltd.	February 29, 2024
Disposition	D Project Kaminokawa	August 30, 2024	Trust beneficiary interests in real estate	6,510	6,510	The Tanizawa Sōgō Appraisal Co., Ltd.	February 29, 2024

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

**(4) Transactions with Interested Parties, etc.**

Purchase and sale transactions, etc. with interested parties, etc. (Note 1) for the 37th period are as follows:

**i) Status of Transactions**

Classification	Transaction amount, etc. (Note 2)		
	Purchase		Sale
<b>Total</b>	<b>¥30,000 million</b>		<b>¥12,482 million</b>
Breakdown of transactions with interested parties			
Urayasu Facility Development Tokutei Mokuteki Kaisha	¥30,000 million	(100.0%)	¥- million (-%)
<b>Total</b>	<b>¥30,000 million</b>	<b>(100.0%)</b>	<b>¥- million (-%)</b>

**ii) Amount of Fees Paid**

Classification	Total amount paid (A) (Yen in thousands)	Breakdown of transactions with interested parties, etc. (Note 1)	
		Payment recipient	Rate to total amount paid (B/A) (%)
Management fees	1,632,340	Daiwa Living Co., Ltd.	577,093 35.4
		Daiwa House Realty Mgt. Co., Ltd.	368,256 22.6
		Daiwa House Property Management Co., Ltd.	348,284 21.3
		Daiwa LifeNext Co., Ltd.	34,173 2.1
		Daiwa Lease Co., Ltd.	3,397 0.2
		Cosmos Initia Co., Ltd.	1,683 0.1
Utilities	643,622	Daiwa Energy Co., Ltd.	3,959 0.6
		Daiwa House Property Management Co., Ltd.	826,510 48.5
		Daiwa Living Co., Ltd.	423,115 24.8
Repairs and maintenance expenses	1,703,882	Daiwa House Realty Mgt. Co., Ltd.	326,245 19.1
		Daiwa LifeNext Co., Ltd.	21,507 1.3
		Daiwa Lease Co., Ltd.	15,016 0.9
		Cosmos Initia Co., Ltd.	463 0.0
		Daiwa Living Co., Ltd.	195,930 72.5
Restoration costs	270,140	Daiwa Living Co., Ltd.	195,930 72.5



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)	
Other rental expenses	325,202	Daiwa House Realty Mgt. Co., Ltd.	146,111	44.9
		Daiwa Living Co., Ltd.	82,164	25.3
		Daiwa House Property Management Co., Ltd.	34,914	10.7
		Daiwa LifeNext Co., Ltd.	63	0.0
		Daiwa Lease Co., Ltd.	15	0.0

(Notes) 1. "Interested parties, etc." are interested parties, etc., of the Asset Manager with which DHR has concluded an asset management agreement as provided in Article 201, paragraph 1 of the Investment 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

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

Date of approval	Item	Description
April 16, 2024	Repurchase of investment units	For the repurchase of investment units, DHR approved the conclusion of an agreement with Daiwa Securities Co. Ltd. on April 16, 2024 concerning the consigned purchase of investment units. This agreement concerning the consigned purchase of investment units terminated on July 12, 2024.

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

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

## II. Balance Sheets

**Daiwa House REIT Investment Corporation**  
**BALANCE SHEETS**  
As of February 29, 2024 and August 31, 2024

	As of	
	February 29, 2024	August 31, 2024
	(Yen in thousands)	
<b>Assets</b>		
Current assets:		
Cash and bank deposits (Note 4)	¥51,504,912	¥46,766,556
Operating accounts receivable	239,258	348,990
Prepaid expenses	741,259	738,024
Other current assets	5,583	19,897
Allowance for doubtful accounts	(530)	(309)
Total current assets	52,490,483	47,873,159
Investment properties (Notes 9 and 10)	843,348,633	855,685,094
Other assets:		
Goodwill (Note 8)	49,555,664	47,573,438
Leasehold rights in trust (Note 10)	6,478,494	6,431,424
Lease and guarantee deposits in trust	3,571,130	3,767,340
Guarantee deposits	99	99
Long-term prepaid expenses	2,124,192	1,989,062
Investment corporation bond issuance costs	174,111	157,355
Investment securities (Notes 5 and 6)	9,532	9,549
Trademark rights	110	93
Total other assets	61,913,334	59,928,363
<b>Total assets</b>	¥957,752,451	¥963,486,617

**Daiwa House REIT Investment Corporation**  
**BALANCE SHEETS**  
As of February 29, 2024 and August 31, 2024

	As of	
	February 29, 2024	August 31, 2024
	(Yen in thousands)	
<b>Liabilities</b>		
Current liabilities:		
Operating accounts and other payable	¥1,819,245	¥2,092,306
Short-term loans (Notes 5 and 17)	4,000,000	10,000,000
Current portion of investment corporation bonds (Notes 5 and 16)	5,000,000	7,400,000
Current portion of long-term loans (Notes 5, 7 and 17)	35,100,000	35,100,000
Accrued expenses	1,829,047	1,852,113
Accrued consumption taxes	138,538	646,388
Advances received	3,633,612	3,570,210
Unearned revenue	71,789	65,997
Deposits received	160,612	340,469
Derivative liabilities (Notes 5 and 7)	2,133	717
Other	67,520	58,567
Total current liabilities	51,822,500	61,126,770
Non-current liabilities:		
Investment corporation bonds (Notes 5 and 16)	39,000,000	36,600,000
Long-term loans (Notes 5, 7 and 17)	326,450,000	331,450,000
Long-term unearned revenue	56,000	24,562
Tenant leasehold and security deposits	337,763	342,186
Tenant leasehold and security deposits in trust	23,723,272	23,764,959
Asset retirement obligations (Note 13)	777,202	784,592
Derivative liabilities (Notes 5 and 7)	83,385	22,710
Total non-current liabilities	390,427,623	392,989,011
<b>Total liabilities</b>	442,250,124	454,115,781
<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 February 29, 2024 and August 31, 2024		
Units issued and outstanding:		
2,320,000 units as of February 29, 2024 and 2,308,216 units as of August 31, 2024		
Surplus		
Capital surplus	247,667,563	247,667,563
Deductions from capital surplus:		
Allowance for temporary difference adjustments (Notes 14 and 15)	(10,584,324)	(13,361,364)
Other deductions from capital surplus	(44,080)	(3,097,435)
Total deductions from capital surplus	(10,628,404)	(16,458,799)
Capital surplus, net	237,039,159	231,208,763
Unappropriated retained earnings	10,506,085	10,142,898
Total surplus	247,545,245	241,351,662
Total unitholders' equity	515,587,846	509,394,263
Valuation and translation adjustments		
Deferred gains or losses on hedges (Note 7)	(85,519)	(23,427)
Total valuation and translation adjustments	(85,519)	(23,427)
<b>Total net assets</b>	515,502,327	509,370,836
<b>Total liabilities and net assets</b>	¥957,752,451	¥963,486,617

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

### III. Statements of Income and Retained Earnings

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

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

	For the fiscal periods ended	
	February 29, 2024	August 31, 2024
	(Yen in thousands)	
<b>Operating revenues:</b>		
Rental revenues (Notes 11 and 12)	¥29,643,403	¥30,822,524
Gain on sale of investment properties (Notes 12 and 20)	71	1,431,410
Total operating revenues	29,643,474	32,253,935
<b>Operating expenses:</b>		
Rental expenses (Note 11)	12,145,539	13,506,676
Impairment losses (Note 3)	889,442	2,326,479
Asset management fees	1,932,569	1,949,032
Asset custody fees	38,360	38,753
Administrative service fees	95,013	97,028
Directors' remuneration	6,720	6,722
Amortization of goodwill (Note 8)	1,982,226	1,982,226
Other operating expenses	415,507	423,133
Total operating expenses	17,505,380	20,330,054
<b>Operating income</b>	12,138,094	11,923,880
<b>Non-operating revenues:</b>		
Interest income	213	2,934
Reversal of allowance for doubtful accounts	61	221
Gain on forfeiture of unclaimed distributions	5,377	5,916
Gain on adjustment of liabilities	3,871	4,961
Subsidy income	1,604	—
Other non-operating revenues	62	191
Total non-operating revenues	11,190	14,226
<b>Non-operating expenses:</b>		
Interest expense	1,307,796	1,410,594
Interest expense on investment corporation bonds	122,585	124,734
Amortization of investment corporation bond issuance costs	16,756	16,756
Borrowing related expenses	320,526	323,967
Other non-operating expenses	2,663	5,515
Total non-operating expenses	1,770,327	1,881,568
<b>Ordinary income</b>	10,378,956	10,056,538
<b>Income before income taxes</b>	10,378,956	10,056,538
Income taxes-current (Note 19)	605	605
<b>Net income</b>	¥10,378,351	¥10,055,933
<b>Retained earnings brought forward</b>	127,733	86,965
<b>Unappropriated retained earnings</b>	¥10,506,085	¥10,142,898

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

### IV. Statements of Changes in Net Assets

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

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

	Unitholders' equity						
	Surplus						
	Capital surplus						
	Number of units issued and outstanding (Units)	Unitholders' capital	Capital surplus	Deductions from capital surplus			Capital surplus, net
Allowance for temporary difference adjustments				Other deductions from capital surplus	Total deductions from capital surplus		
		(Yen in thousands)					
<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
<b>Changes during the period:</b>							
Distribution in excess of earnings from allowance for temporary difference adjustments	—	—	—	(2,777,040)	—	(2,777,040)	(2,777,040)
Other distributions in excess of earnings	—	—	—	—	(53,360)	(53,360)	(53,360)
Distributions from surplus	—	—	—	—	—	—	—
Net income	—	—	—	—	—	—	—
Repurchase of investment units	—	—	—	—	—	—	—
Cancellation of repurchased investment units	(11,784)	—	—	—	(2,999,995)	(2,999,995)	(2,999,995)
Net changes of items other than changes of unitholders' equity	—	—	—	—	—	—	—
<b>Total changes during the period</b>	(11,784)	—	—	(2,777,040)	(3,053,355)	(5,830,395)	(5,830,395)
<b>Balance as of August 31, 2024</b>	2,308,216	¥268,042,601	¥247,667,563	¥(13,361,364)	¥(3,097,435)	¥(16,458,799)	¥231,208,763



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

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

	Unitholders' equity			Valuation and translation adjustments		Total net assets
	Surplus		Repurchased investment units	Total unitholders' equity	Deferred gains or losses on hedges	
	Unappropriated retained earnings	Total surplus				
(Yen in thousands)						
<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
<b>Changes during the period:</b>						
Distribution in excess of earnings from allowance for temporary difference adjustments	—	(2,777,040)	—	(2,777,040)	—	(2,777,040)
Other distributions in excess of earnings	—	(53,360)	—	(53,360)	—	(53,360)
Distributions from surplus	(10,419,120)	(10,419,120)	—	(10,419,120)	—	(10,419,120)
Net income	10,055,933	10,055,933	—	10,055,933	—	10,055,933
Repurchase of investment units	—	—	(2,999,995)	(2,999,995)	—	(2,999,995)
Cancellation of repurchased investment units	—	(2,999,995)	2,999,995	—	—	—
Net changes of items other than changes of unitholders' equity	—	—	—	—	62,092	62,092
<b>Total changes during the period</b>	(363,186)	(6,193,582)	—	(6,193,582)	62,092	(6,131,490)
<b>Balance as of August 31, 2024</b>	¥10,142,898	¥241,351,662	¥—	¥509,394,263	¥(23,427)	¥509,370,836

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

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

	For the fiscal periods ended	
	February 29, 2024	August 31, 2024
(Yen in thousands)		
<b>Cash flows from operating activities:</b>		
Income before income taxes	¥10,378,956	¥10,056,538
Depreciation and amortization	5,650,264	5,702,223
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	2,326,479
Loss on retirement of non-current assets	24,977	60,856
Interest income	(213)	(2,934)
Interest expense	1,430,381	1,535,329
Decrease (increase) in operating accounts receivable	46,684	(109,732)
Decrease (increase) in prepaid expenses	(17,683)	3,234
Increase (decrease) in operating accounts and other payable	(357,906)	188,887
Increase (decrease) in accrued consumption taxes	(354,798)	507,850
Increase in accrued expenses	22,203	13,283
Increase (decrease) in deposits received	(12,488)	179,856
Increase (decrease) in advances received	34,715	(63,401)
Decrease in long-term prepaid expenses	71,223	135,129
Decrease in allowance for doubtful accounts	(71)	(221)
Decrease in investment properties due to sale	1,049	11,051,932
Increase in lease and guarantee deposits in trust	(23,797)	(196,210)
Other	114,641	(29,180)
Subtotal	19,896,581	33,358,919
Interest received	213	2,934
Interest paid	(1,482,281)	(1,563,189)
Income taxes paid	(602)	(1,021)
<b>Net cash provided by operating activities</b>	18,413,911	31,797,643
<b>Cash flows from investing activities:</b>		
Acquisition of investment properties	(10,888,767)	(31,353,155)
Proceeds from tenant leasehold and security deposits	19,675	26,953
Repayment of tenant leasehold and security deposits	(10,774)	(12,778)
Proceeds from tenant leasehold and security deposits in trust	786,738	1,055,707
Repayment of tenant leasehold and security deposits in trust	(607,813)	(1,009,655)
<b>Net cash used in investing activities</b>	(10,700,940)	(31,292,929)
<b>Cash flows from financing activities:</b>		
Proceeds from short-term loans	4,000,000	10,000,000
Repayment of short-term loans	—	(4,000,000)
Proceeds from long-term loans	22,700,000	25,000,000
Repayment of long-term loans	(24,700,000)	(20,000,000)
Repurchase of investment units	—	(2,999,995)
Distribution payment	(13,086,146)	(13,243,074)
<b>Net cash used in financing activities</b>	(11,086,146)	(5,243,070)
<b>Net decrease in cash and cash equivalents</b>	(3,373,175)	(4,738,356)
<b>Cash and cash equivalents at beginning of the period</b>	54,878,088	51,504,912
<b>Cash and cash equivalents at end of the period (Note 4)</b>	¥51,504,912	¥46,766,556

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

# VI. Notes to Financial Statements

## Daiwa House REIT Investment Corporation Notes to Financial Statements

As of and for the fiscal periods ended February 29, 2024 and August 31, 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 August 31, 2024, DHR’s portfolio included 231 properties at a total acquisition price of ¥922.8 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	1 – 69
Structures	1 – 63
Machinery and equipment	7 – 28
Tools, furniture and fixtures	1 – 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 August 31, 2024 from the perspective of materiality. The amounts as of and for the period ended February 29, 2024 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	
	February 29, 2024	August 31, 2024
	(Yen in thousands)	
Investment properties	¥843,348,633	¥855,685,094
Impairment losses	889,442	2,326,479

(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)
			<b>Impairment losses</b>
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."

For the period ended August 31, 2024

Property name	Location	Item	For the fiscal period ended
			August 31, 2024
			(Yen in thousands)
			<b>Impairment losses</b>
FOLEO Hirakata	Hirakata City, Osaka	Buildings, etc. in trust	¥979,993
		Land in trust	1,266,136
Castalia Kamiikedai	Ota-ku, Tokyo	Buildings, etc. in trust	80,349
		<b>Total</b>	<b>¥2,326,479</b>

Regarding FOLEO Hirakata, since there have been changes in the scope or method of usage that have significantly reduced the recoverable amount, its book value was reduced to the appraisal value and the amount of reduction was then recognized as impairment losses under operating expenses for the period ended August 31, 2024.

Regarding Castalia Kamiikedai, since demolition work has started, the book value of buildings, etc. was reduced to ¥0, and the amount of reduction was then recognized as impairment losses under operating expenses for the period ended August 31, 2024.

Impairment losses on these two properties 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	
	February 29, 2024	August 31, 2024
	(Yen in thousands)	
Cash and bank deposits	¥51,504,912	¥46,766,556
Cash and cash equivalents	¥51,504,912	¥46,766,556

#### 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 February 29, 2024 and August 31, 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					
	February 29, 2024			August 31, 2024		
	(Yen in thousands)					
	Book value	Fair value	Difference	Book value	Fair value	Difference
<b>Assets</b>						
(1) Investment securities:						
Held-to-maturity bonds	¥9,532	¥8,661	¥(871)	¥9,549	¥8,439	¥(1,110)
<b>Total</b>	<b>¥9,532</b>	<b>¥8,661</b>	<b>¥(871)</b>	<b>¥9,549</b>	<b>¥8,439</b>	<b>¥(1,110)</b>
<b>Liabilities</b>						
(2) Current portion of investment corporation bonds	5,000,000	5,006,729	6,729	7,400,000	7,393,178	(6,821)
(3) Current portion of long-term loans	35,100,000	35,113,196	13,196	35,100,000	35,117,272	17,272
(4) Investment corporation bonds	39,000,000	37,872,712	(1,127,287)	36,600,000	35,252,595	(1,347,404)
(5) Long-term loans	326,450,000	325,968,897	(481,102)	331,450,000	327,487,896	(3,962,103)
<b>Total</b>	<b>¥405,550,000</b>	<b>¥403,961,535</b>	<b>¥(1,588,464)</b>	<b>¥410,550,000</b>	<b>¥405,250,942</b>	<b>¥(5,299,057)</b>
(6) Derivatives (*)	¥(85,519)	¥(85,519)	¥—	¥(23,427)	¥(23,427)	¥—

(\*) 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 February 29, 2024 and August 31, 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
	As of February 29, 2024					
(Yen in thousands)						
Investment securities	¥—	¥—	¥—	¥—	¥—	¥10,000
<b>Total</b>	<b>¥—</b>	<b>¥—</b>	<b>¥—</b>	<b>¥—</b>	<b>¥—</b>	<b>¥10,000</b>
As of August 31, 2024						
(Yen in thousands)						
Investment securities	¥—	¥—	¥—	¥—	¥—	¥10,000
<b>Total</b>	<b>¥—</b>	<b>¥—</b>	<b>¥—</b>	<b>¥—</b>	<b>¥—</b>	<b>¥10,000</b>

3. Repayment schedule for investment corporation bonds and long-term loans after February 29, 2024 and August 31, 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
	As of February 29, 2024					
(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.

	Due within one year	Due after one to two years	Due after two to three years	Due after three to four years	Due after four to five years	Due after five years
	As of August 31, 2024					
(Yen in thousands)						
Investment corporation bonds (*)	¥7,400,000	¥—	¥4,000,000	¥4,000,000	¥4,000,000	¥24,600,000
Long-term loans (*)	35,100,000	49,100,000	52,500,000	51,350,000	46,400,000	132,100,000
<b>Total</b>	<b>¥42,500,000</b>	<b>¥49,100,000</b>	<b>¥56,500,000</b>	<b>¥55,350,000</b>	<b>¥50,400,000</b>	<b>¥156,700,000</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 February 29, 2024 and August 31, 2024 are as follows:

	As of					
	February 29, 2024			August 31, 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	9,532	8,661	(871)	9,549	8,439	(1,110)
<b>Total</b>	<b>¥9,532</b>	<b>¥8,661</b>	<b>¥(871)</b>	<b>¥9,549</b>	<b>¥8,439</b>	<b>¥(1,110)</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					
		February 29, 2024			August 31, 2024		
		Contract amount	Fair value	Contract amount	Fair value	Contract amount	Fair value
		(Yen in thousands)					
		Total	Due after one year	Total	Due after one year	Total	Due after one year
<b>Principle method</b>							
Interest-rate swap	Long-term loan	¥17,000,000	¥14,000,000	¥(85,519)	¥14,000,000	¥10,000,000	¥(23,427)
				(Note 1)			(Note 1)
<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)
<b>Total</b>		<b>¥61,400,000</b>	<b>¥58,400,000</b>	<b>¥(85,519)</b>	<b>¥58,400,000</b>	<b>¥54,400,000</b>	<b>¥(23,427)</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 February 29, 2024 and August 31, 2024, the unamortized balances of goodwill from the Merger were ¥49,555,664 thousand and ¥47,573,438 thousand, respectively.

**Note 9 – Investment Properties**

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

	As of					
	February 29, 2024			August 31, 2024		
	Acquisition cost	Accumulated depreciation	Net	Acquisition cost	Accumulated depreciation	Net
	(Yen in thousands)					
Property and equipment:						
Land	¥21,711,324	¥—	¥21,711,324	¥21,711,324	¥—	¥21,711,324
Buildings	26,315,317	6,980,878	19,334,438	26,469,503	7,240,307	19,229,195
Structures	270,264	68,308	201,956	270,264	72,154	198,109
Machinery and equipment	497,576	235,450	262,125	501,405	243,970	257,435
Tools, furniture and fixtures	907,961	624,845	283,116	941,034	650,782	290,251
Construction in progress	—	—	—	2,014	—	2,014
Property and equipment in trust:						
Land	427,836,980	—	427,836,980	441,157,490	—	441,157,490
Buildings	438,190,385	75,648,299	362,542,086	441,815,028	79,413,376	362,401,651
Structures	10,356,802	2,512,716	7,844,085	10,297,451	2,641,596	7,655,854
Machinery and equipment	3,072,989	1,620,015	1,452,973	3,081,963	1,683,760	1,398,202
Tools, furniture and fixtures	2,530,755	1,385,493	1,145,262	2,791,248	1,518,739	1,272,509
Construction in progress	734,283	—	734,283	111,052	—	111,052
<b>Total</b>	<b>¥932,424,640</b>	<b>¥89,076,007</b>	<b>¥843,348,633</b>	<b>¥949,149,782</b>	<b>¥93,464,688</b>	<b>¥855,685,094</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	
	February 29, 2024	August 31, 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	
	February 29, 2024	August 31, 2024
	(Yen in thousands)	
<b>Book value:</b>		
Balance at beginning of the period	¥845,374,619	¥849,827,127
Net change during the period	4,452,508	12,289,391
Balance at end of the period	¥849,827,127	¥862,116,519
<b>Fair value at end of the period</b>	<b>¥1,097,552,300</b>	<b>¥1,117,976,000</b>

Notes:

- The book value above includes leasehold rights in trust of ¥6,478,494 thousand and ¥6,431,424 thousand as of February 29, 2024 and August 31, 2024, respectively.
- 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. For the period ended August 31, 2024, the increase is mainly due to the acquisition of DPL Urayasu III (¥30,215,156 thousand), while the decrease is mainly attributable to the sale of a part of the land of D Project Kyotanabe (¥1,057 thousand) and the sale of two properties (¥11,016,554 thousand) including D Project Kaminokawa, impairment losses (¥2,326,479 thousand) and depreciation.
- The fair value at end of the period represents the value assessed by third-party real estate appraisers. For D Project Kuki II, which was sold on September 2, 2024, the fair value as of August 31, 2024 is calculated based on the sale price (¥10,100,000 thousand) in the purchase and sale contract dated on August 30, 2024.

#### Note 11 – Rental Revenues and Expenses

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

	For the fiscal periods ended	
	February 29, 2024	August 31, 2024
	(Yen in thousands)	
<b>Rental revenues:</b>		
Rental revenues	¥27,798,141	¥28,605,619
Common area charges	576,806	600,776
Subtotal	28,374,947	29,206,396
Other revenues related to property leasing:		
Facility charges	481,928	486,511
Incidental revenues	503,599	594,549
Other revenues	282,928	535,067
Subtotal	1,268,456	1,616,128
Total rental revenues	¥29,643,403	¥30,822,524
<b>Rental expenses:</b>		
Management fees	¥1,555,068	¥1,632,340
Utilities	543,622	643,622
Taxes and public dues	2,420,966	2,517,277
Repairs	913,272	1,703,882
Restoration costs	225,970	270,140
Insurance premiums	54,803	56,859
Custodian fees	63,437	58,595
Depreciation and amortization	5,650,264	5,702,223
Other operating expenses	718,133	921,734
Total rental expenses	¥12,145,539	¥13,506,676
<b>Operating income from property leasing activities</b>	<b>¥17,497,863</b>	<b>¥17,315,848</b>

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

	For the fiscal periods ended			
	February 29, 2024		August 31, 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	¥2,131	¥71 (Note 2)	¥12,482,233	¥1,431,410 (Note 2)
Utilities expenses reimbursements	485,862	485,862	577,639	577,639
Other	—	29,157,541	—	30,244,885
<b>Total</b>	<b>¥487,993</b>	<b>¥29,643,474</b>	<b>¥13,059,873</b>	<b>¥32,253,935</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 ASBJ Transferred Guidance, No.10, which was transferred from the Japan Institute of Certified Public Accountants Accounting Practice Committee Statement No. 15, “Practical Guidelines on Accounting by Transferors for Securitization of Real Property by Using Special Purpose Companies” since these are not within the scope of application of the Accounting Standard for Revenue Recognition. Revenue from contracts with customers in the above table mainly consist of proceeds from sale of investment properties and utilities expenses reimbursements.
- Proceeds from sale of investment properties are shown in the statements of income and retained earnings as gain (loss) on sale of investment properties (the net amount after deducting cost of investment properties sold and other sales expenses from proceeds from sale of investment properties). At DHR, gain on sale of investment properties is recorded under operating revenues, while loss on sale of investment properties is recorded under operating expenses. Therefore, in the above table, only the amount of gain on sale of investment properties is presented.

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

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

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

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

	For the fiscal periods ended	
	February 29, 2024	August 31, 2024
	(Yen in thousands)	
Receivables arising from contracts with customers (Balance at beginning of the period)	¥235,342	¥186,380
Receivables arising from contracts with customers (Balance at end of the period)	186,380	273,208
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

As of August 31, 2024, the transaction price allocated to remaining performance obligations related to the sale of properties, etc. was ¥10,100,000 thousand in connection with properties, etc. for which the purchase and sale contract was concluded on August 30, 2024. With regard to the remaining performance obligations, since the delivery of the relevant properties, etc. was completed on September 2, 2024, DHR expects to recognize revenue in the fiscal period ending February 28, 2025. This matter is not applicable for the fiscal period ended February 29, 2024.

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 (44 – 60 years), and uses 1.0 – 2.4% discount rates for the calculation of asset retirement obligations. For buildings containing asbestos, DHR estimates the useful life to be 35 years, and uses a 0.6% discount rate. Changes in asset retirement obligations for the periods ended February 29, 2024 and August 31, 2024 are as follows:

	For the fiscal periods ended	
	February 29, 2024	August 31, 2024
	(Yen in thousands)	
Balance at beginning of the period	¥690,200	¥777,202
Increase due to acquisitions of property and equipment	79,811	—
Accretion expense	7,190	7,390
Balance at end of the period	¥777,202	¥784,592

**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.

*Cancellation of repurchased investment units*

In the fiscal period ended August 31, 2024, DHR repurchased and cancelled the following investment units.

Total number of units cancelled	11,784 units
Total amount of cancellation	¥2,999,995 thousand

*Allowance for temporary difference adjustments*

Changes in balances of allowance for temporary difference adjustments for the fiscal periods ended February 29, 2024 and August 31, 2024 are as follows:

Reason	For the fiscal period ended	
	February 29, 2024	
	(Yen in thousands)	
	Goodwill amortization	Total
Amount originally incurred	¥50,508	n/a
Beginning balance	¥8,723,684	¥8,723,684
Provision for the period	1,860,640	1,860,640
Reversal for the period (*)	—	—
Ending balance	¥10,584,324	¥10,584,324

Reason	For the fiscal period ended		
	August 31, 2024		
	(Yen in thousands)		
	Goodwill amortization	Impairment losses on buildings, etc. in trust	Total
Amount originally incurred	¥50,508	¥889,442	n/a
Beginning balance	¥10,584,324	¥—	¥10,584,324
Provision for the period	1,887,597	889,442	2,777,040
Reversal for the period (*)	—	—	—
Ending balance	¥12,471,921	¥889,442	¥13,361,364

**(\*) Reversal of temporary difference adjustments**

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

For the allowance for temporary difference adjustments provided for impairment losses on buildings, etc. in trust, DHR will reverse the corresponding amount when the relevant property is sold.

**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 February 29, 2024, DHR determined the cash distribution amount of ¥13,249,520,000 (¥5,711 per unit) by (i) 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 (ii) adjusting the fractional parts of amounts less than ¥1 per investment unit. Of this cash distribution amount, ¥10,419,120,000 (¥4,491 per unit) is distributed as distribution of earnings, ¥2,777,040,000 (¥1,197 per unit) as distribution in excess of earnings from allowance for temporary difference adjustments and ¥53,360,000 (¥23 per unit) as other distributions in excess of earnings.

For the distribution related to the fiscal period ended August 31, 2024, DHR determined the cash distribution amount of ¥13,396,885,664 (¥5,804 per unit) by (i) totaling net income of ¥10,055,933,252, the amount equivalent to goodwill amortization expenses of ¥1,982,226,586 and impairment losses of ¥2,326,479,739, (ii) deducting the amount of the discrepancy between accounting income and tax income of ¥889,442,684, which was solved upon the sale of impaired property and equipment, and the amount equivalent to a part of gain on sale of investment properties of ¥77,713,532, and (iii) adjusting the fractional parts of amounts less than ¥1 per investment unit. Of this cash distribution amount, ¥10,142,301,104 (¥4,394 per unit) is distributed as distribution of earnings, and ¥3,254,584,560 (¥1,410 per unit) as distribution in excess of earnings from allowance for temporary difference adjustments.



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

	For the fiscal periods ended			
	February 29, 2024		August 31, 2024	
	(Yen)			
	Total	Per unit	Total	Per unit
Unappropriated retained earnings	¥10,506,085,549		¥10,142,898,801	
Deduction from capital surplus:				
Allowance for temporary difference adjustments	2,777,040,000		3,254,584,560	
Other deductions from capital surplus	53,360,000		—	
	¥13,336,485,549		¥13,397,483,361	
Cash distributions:				
Distribution of earnings	¥10,419,120,000	¥4,491	¥10,142,301,104	¥4,394
Distribution in excess of earnings from allowance for temporary difference adjustments	2,777,040,000	1,197	3,254,584,560	1,410
Other distributions in excess of earnings	53,360,000	23	—	—
Total cash distributions	¥13,249,520,000	¥5,711	¥13,396,885,664	¥5,804
Retained earnings carried forward	¥86,965,549		¥597,697	

*Allowance for temporary difference adjustments*

In connection with the distributions declared above, changes in allowance for temporary difference adjustments are reflected on the balance sheet in the following fiscal period. The temporary difference adjustments which will be adjusted after the respective balance sheet date are summarized as follows:

	Subsequent to	
	February 29, 2024	August 31, 2024
	(Yen in thousands)	
Goodwill amortization	¥1,887,597	¥1,817,547
Impairment losses on buildings, etc. in trust	889,442	2,326,479
Increase-subtotal	2,777,040	4,144,027
Sale of impaired buildings, etc. in trust (*)	—	(889,442)
Decrease-subtotal	—	(889,442)
Total	¥2,777,040	¥3,254,584

(\*) Reversal of temporary difference adjustments

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

For the allowance for temporary difference adjustments provided for impairment losses on buildings, etc. in trust, DHR will reverse the corresponding amount when the relevant property is sold or demolished completely. The amount (¥889,442,684) is the discrepancy between accounting income and tax income, which is solved upon the sale of impaired buildings, etc. in trust and deducted from the balance above.

**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 February 29, 2024 and August 31, 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	
				February 29, 2024	August 31, 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
Daiwa House REIT Investment Corporation 10th Unsecured Bonds (Green Bonds)	May 27, 2020	May 27, 2025	0.34	2,400,000	2,400,000
Daiwa House REIT Investment Corporation 11th Unsecured Bonds (Green Bonds)	May 27, 2020	May 27, 2030	0.64	1,600,000	1,600,000
Daiwa House REIT Investment Corporation 12th Unsecured Bonds (Green Bonds)	May 27, 2020	May 25, 2040	1.00	1,000,000	1,000,000
Daiwa House REIT Investment Corporation 13th Unsecured Bonds	December 24, 2020	December 24, 2032	0.60	3,000,000	3,000,000
Daiwa House REIT Investment Corporation 14th Unsecured Bonds (Green Bonds)	April 15, 2021	April 15, 2031	0.50	4,000,000	4,000,000

Bond series	Issue date	Maturity date	Interest rate	As of	
				February 29, 2024	August 31, 2024
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 February 29, 2024 and August 31, 2024.

Due date	As of				
	February 29, 2024 (Yen in thousands)	Interest rate	August 31, 2024 (Yen in thousands)	Interest rate	
<b>Short-term loans:</b>					
Floating-rate loan	September 30, 2024	¥4,000,000	0.23%	¥—	—%
Floating-rate loan	February 28, 2025	—	—	10,000,000	0.35
<b>Total short-term loans</b>		<b>¥4,000,000</b>		<b>¥10,000,000</b>	
<b>Long-term loans:</b>					
Floating-rate loan (Note 1)	April 1, 2024	¥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	—	—
Fixed-rate loan	March 29, 2024	1,000,000	0.55	—	—
Fixed-rate loan	April 30, 2024	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 (Note 1)	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 (Note 1)	May 30, 2025	4,000,000	0.97	4,000,000	0.97
Fixed-rate loan	September 29, 2025	9,000,000	0.63	9,000,000	0.63
Fixed-rate loan	March 31, 2025	11,000,000	0.70	11,000,000	0.70
Fixed-rate loan	April 30, 2025	5,000,000	0.60	5,000,000	0.60
Fixed-rate loan	September 30, 2025	1,000,000	0.60	1,000,000	0.60
Fixed-rate loan	September 30, 2025	7,600,000	0.43	7,600,000	0.43
Floating-rate loan (Note 1)	April 1, 2026	2,000,000	2.03	2,000,000	2.03
Floating-rate loan (Note 1)	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

	Due date	As of			
		February 29, 2024		August 31, 2024	
		(Yen in thousands)	Interest rate	(Yen in thousands)	Interest rate
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	1,000,000	0.75
Floating-rate loan	April 30, 2027	—	—	5,000,000	0.42
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 (Note 1)	April 27, 2029	10,400,000	0.75	10,400,000	0.75
Floating-rate loan (Note 1)	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 (Note 1)	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
Fixed-rate loan	February 28, 2029	—	—	5,000,000	0.74
Floating-rate loan (Note 1)	January 31, 2030	9,000,000	0.61	9,000,000	0.61
Floating-rate loan (Note 1)	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	10,000,000	1.08
Fixed-rate loan	March 29, 2030	—	—	3,000,000	0.91
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, 2031	—	—	1,000,000	1.00
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	6,700,000	1.32
Fixed-rate loan	March 31, 2032	1,000,000	1.30	1,000,000	1.30
Fixed-rate loan	March 31, 2032	1,000,000	1.30	1,000,000	1.30
Fixed-rate loan (Note 2)	March 31, 2032	—	—	11,000,000	1.15
Fixed-rate loan	August 31, 2033	1,000,000	0.80	1,000,000	0.80

	Due date	As of			
		February 29, 2024		August 31, 2024	
		(Yen in thousands)	Interest rate	(Yen in thousands)	Interest rate
Fixed-rate loan	September 30, 2033	1,000,000	1.40	1,000,000	1.40
Fixed-rate loan	January 31, 2034	2,000,000	1.43	2,000,000	1.43
<b>Total long-term loans</b>		361,550,000		366,550,000	
Less: current portion		(35,100,000)		(35,100,000)	
<b>Long-term loans, less current portion</b>		<b>¥326,450,000</b>		<b>¥331,450,000</b>	

Notes:

- 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.
- This is the “Sustainability-Linked Loan,” whose interest rate from March 29, 2024 to May 29, 2025 is 1.15375% per annum. After May 29, 2025, the interest rate, which is determined depending on the achieved level of the SPT on each reference date, will be applied.

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

The repayment schedule for long-term loans subsequent to February 29, 2024 and August 31, 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 February 29, 2024 and August 31, 2024 is as follows:

	As of	
	February 29, 2024	August 31, 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 February 29, 2024 and August 31, 2024 are as follows:

	As of	
	February 29, 2024	August 31, 2024
	(Yen in thousands)	
Due within one year	¥29,419,369	¥31,599,452
Due after one year	¥154,082,470	¥153,786,490
<b>Total</b>	<b>¥183,501,839</b>	<b>¥185,385,942</b>

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

	As of	
	February 29, 2024	August 31, 2024
	(Yen in thousands)	
Due within one year	¥129,795	¥129,795
Due after one year	¥328,600	¥295,000
<b>Total</b>	<b>¥458,395</b>	<b>¥424,795</b>

(This part is intentionally left blank.)

**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	
	February 29, 2024	August 31, 2024
	(Yen in thousands)	
<b>Deferred tax assets:</b>		
Excess provision of allowance for doubtful accounts	¥166	¥97
Deferred interest income	40,202	28,490
Valuation difference at the time of merger (Land and buildings)	1,898,692	1,829,208
Asset retirement obligations	244,507	246,832
Deferred gains or losses on hedges	26,904	7,370
Amortization of fixed-term land lease rights	273,691	291,802
Impairment losses	279,818	731,910
Other	7,540	6,863
Subtotal	2,771,525	3,142,575
Valuation reserve	(2,771,525)	(3,142,575)
<b>Total deferred tax assets</b>	<b>—</b>	<b>—</b>
<b>Deferred tax liabilities:</b>		
Valuation difference at the time of merger (Investment securities)	¥(538)	¥(518)
Valuation difference at the time of merger (Land and buildings)	(13,156,498)	(13,120,326)
Asset retirement costs	(201,019)	(201,003)
Subtotal	(13,358,056)	(13,321,848)
Valuation reserve	13,358,056	13,321,848
<b>Total deferred tax liabilities</b>	<b>—</b>	<b>—</b>
<b>Net deferred tax assets</b>	<b>¥—</b>	<b>¥—</b>

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

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

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

	For the fiscal periods ended	
	February 29, 2024	August 31, 2024
Statutory tax rate	31.46%	31.46%
Adjustments:		
Tax-deductible cash distributions paid	(39.88)	(41.90)
Amortization of goodwill	6.01	6.20
Change in valuation reserve	2.42	4.24
Other	0.01	0.01
Effective tax rate	0.01%	0.01%

**Note 20 – Gain on Sale of Investment Properties**

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

For the period ended August 31, 2024, DHR sold part of the land of one investment property and two investment properties and reported gains as follows:

	For the fiscal period ended
	August 31, 2024
	(Yen in thousands)
D Project Kyotanabe (part of the land)	
Proceeds from sale of investment properties	¥2,233
Cost of investment properties sold	1,057
Other sales expenses	511
Gain on sale of investment properties	¥665
D Project Tomisato	
Proceeds from sale of investment properties	¥5,970,000
Cost of investment properties sold	4,523,829
Other sales expenses	15,425
Gain on sale of investment properties	¥1,430,745

	For the fiscal period ended
	August 31, 2024
	(Yen in thousands)
D Project Kaminokawa	
Proceeds from sale of investment properties	¥6,510,000
Cost of investment properties sold	6,492,725
Other sales expenses	17,275
Gain on sale of investment properties	¥—

**Note 21 – Per Unit Information**

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

	For the fiscal periods ended	
	February 29, 2024	August 31, 2024
	(Yen)	
<b>Earnings per unit:</b>		
Net income per unit	¥4,473	¥4,346
Weighted average number of units outstanding (units)	2,320,000	2,313,768
	<b>As of</b>	
	February 29, 2024	August 31, 2024
	(Yen)	
<b>Net assets per unit</b>	¥222,199	¥220,677

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 February 29, 2024 and August 31, 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 February 29, 2024 and August 31, 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 February 29, 2024 and August 31, 2024, information about geographic areas has been omitted.

**(2) Investment properties**

Since over 90% of total investment properties on the balance sheets as of February 29, 2024 and August 31, 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 February 29, 2024 and August 31, 2024, information about major customers has been omitted.

**Note 24 – Subsequent Events**

None to report.

**VII. Independent Auditor's 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 August 31, 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 August 31, 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 August 31, 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

November 20, 2024

下田 琢磨

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Takuma Shimoda  
Designated Engagement Partner  
Certified Public Accountant

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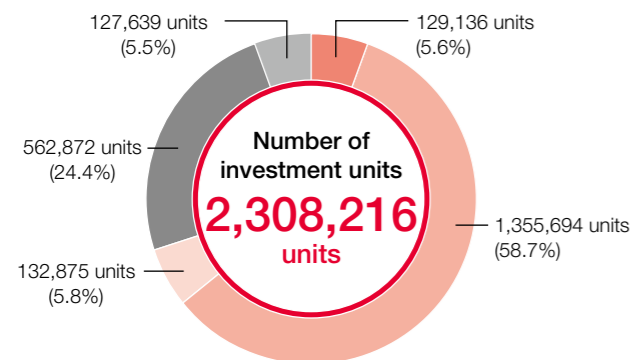
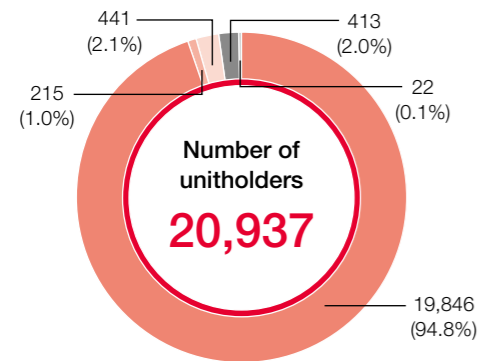
Sei Eshita  
Designated Engagement Partner  
Certified Public Accountant

# Investor Information

## Unitholders Data

(As of August 31, 2024)

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



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

## Outline of the Asset Manager

Corporate Name	Daiwa House Asset Management Co., Ltd.
Location	7th Floor, Nissei Nagatacho Building, 2-4-8, Nagatacho, Chiyoda-ku, Tokyo 100-0014
Established	September 1, 2004
Paid-in Capital	¥300 million
Shareholder	Daiwa House Industry Co., Ltd. (100%)

## Note for Unitholders

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

## Procedures for Changes of Address, etc.

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

## Receipt of Distributions

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

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

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

Please receive your distributions as soon as possible.

## Distribution Statement

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

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

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

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

As stipulated by laws and regulations, it is now required to state the My Number of the unitholder on payment records that are submitted to the tax office.

Unitholders are therefore requested to submit their My Number to their securities company, etc.

[Contact address for inquiries on submitting My Number]

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

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

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