

Semi-Annual Report for the **28th** Fiscal Period

From September 1, 2019 to February 29, 2020

Daiwa House REIT Investment Corporation

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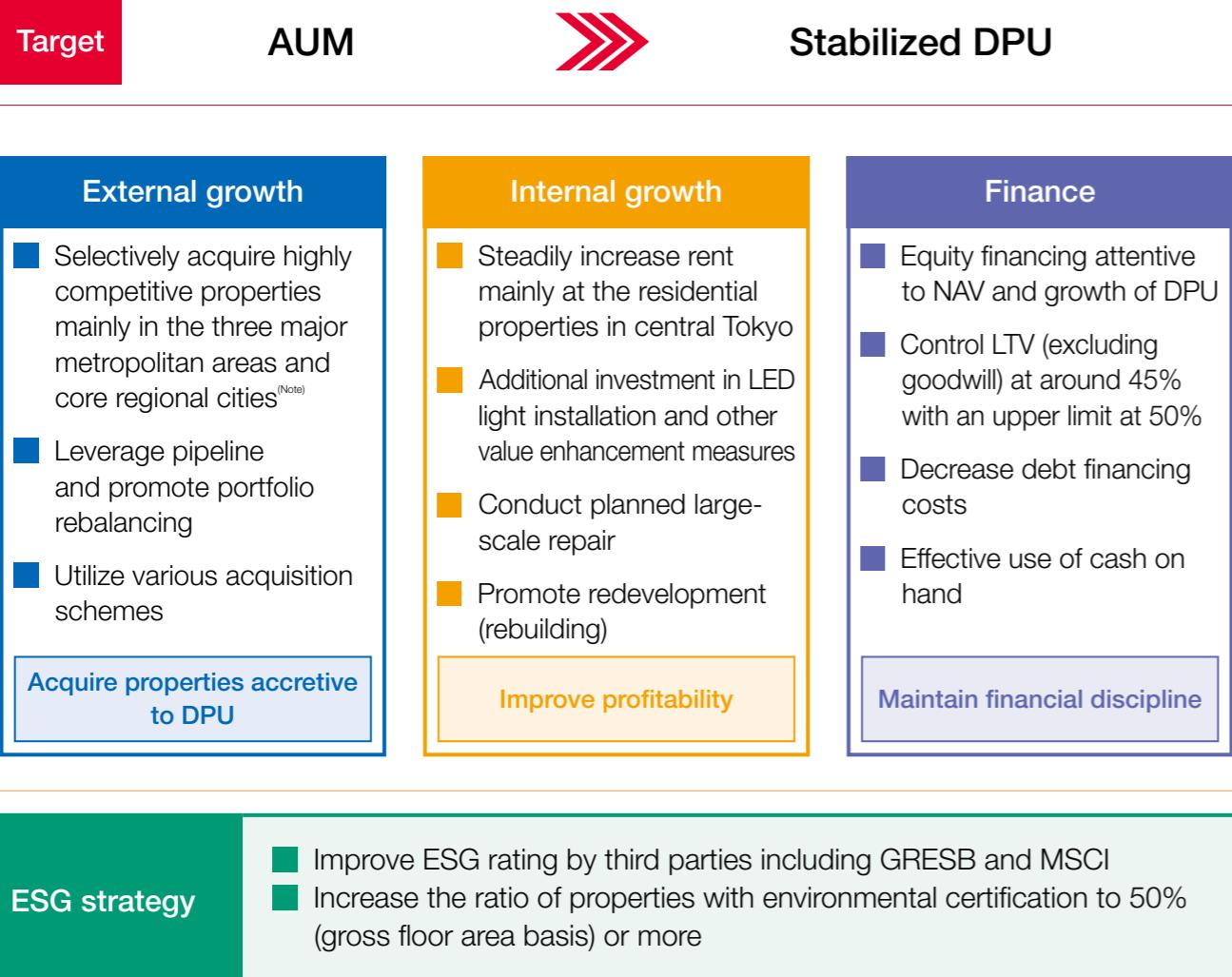


Securities Code: 8984

Formulating a Mid-Term Growth Strategy aimed at continuous DPU growth

Over the 3 years after the merger
(from September 2016 to August 2019)

Mid-Term Growth Strategy
(from September 2019 onward)



(Note) "Core regional cities" are cities outside of the three major metropolitan areas designated by government ordinance of Japan (Sapporo City, Sendai City, Niigata City, Hamamatsu City, Shizuoka City, Hiroshima City, Okayama City, Fukuoka City, Kitakyushu City, and Kumamoto City).

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DHR released a Mid-Term Growth Strategy in October 2019 aimed at realizing continuous DPU growth and further enhanced portfolio quality, as well as continuously expanding unitholder value. In the Mid-Term Growth Strategy, DHR changed its target from expanding AUM to stabilized DPU growth. Furthermore, at the General Meeting of Unitholders held in November 2019, the appointment of one Executive Director was approved and resolved, and in December 2019, Toshiharu Asada assumed office as a new Executive Director.

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 28th fiscal period (the fiscal period ended February 29, 2020).



Toshiharu Asada

Executive Director

Daiwa House REIT Investment Corporation



Koichi Tsuchida

President and CEO

Daiwa House Asset Management Co., Ltd.

DHR sold five logistics properties in September 2019 (sale price of ¥5.9 billion) and acquired one hotel property (acquisition price of ¥5.2 billion) and one retail property (acquisition price of ¥1.4 billion) in November and December 2019, respectively, replacing our assets owned as we worked to improve the quality of our portfolio. DHR's portfolio as of the end of the current fiscal period consisted of 225 properties with an asset size of ¥745.6 billion (total acquisition price). Furthermore, our occupancy rate at the end of the current fiscal period was 99.5%.

Regarding financial results for the current fiscal period, due to revenue contributions of properties acquired during the period and gain on sale of real estate properties associated with the sale of properties, we recorded operating revenues of ¥25,018 million, operating income of ¥10,559 million, and net income of ¥9,125 million. To calculate distribution, DHR reversed ¥1,982 million as the amount equivalent to amortization of goodwill and ¥1,424 million as the difference between income associated with sale of properties for accounting and tax purposes, in which the income for tax purpose is larger than income for accounting purpose, from reserve for temporary difference adjustments to top up net income. As a result, distributions per unit amounted to ¥6,040.

DHR will work to continuously increase unitholder value by ensuring stable revenue and steady growth of its portfolio over the medium to long term through fully utilizing 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.

Distributions Per Unit

28th Fiscal Period

(From September 1, 2019 to February 29, 2020)
Distribution payments start date is May 11, 2020.

¥6,040

Forecast distributions per unit^(Note)

29th Fiscal Period

(From March 1, 2020 to August 31, 2020)

¥5,350

30th Fiscal Period

(From September 1, 2020 to February 28, 2021)

¥5,550

(Note) Forecast distributions refer to the forecast as of April 16, 2020, and actual distributions per unit may vary from this figure. These forecasts also do not guarantee the amount of distributions. Furthermore, forecast distributions include distributions in excess of earnings per unit, and DHR forecasts distributions in excess of earnings per unit of ¥152 for the fiscal period ending August 31, 2020, and of ¥903 for the fiscal period ending February 28, 2021 (including return of capital of ¥80).

Financial Highlights for the Fiscal Period Ended February 29, 2020

Statements of Income (Summary)

	Fiscal period ended August 31, 2019 (27th period)	Fiscal period ended February 29, 2020 (28th period)	Change
Operating revenues	24,877	25,018	140
Rental revenues	24,722	24,712	(10)
Gain on sale of real estate properties	154	306	151
Operating expenses	14,175	14,459	283
Rental expenses	10,062	10,278	216
Rental expenses (excluding depreciation)	5,298	5,472	174
Depreciation	4,764	4,806	41
Other operating expenses	4,113	4,180	67
Amortization of goodwill	1,982	1,982	—
Operating income	10,702	10,559	(143)
Non-operating income	111	21	(90)
Non-operating expenses	1,647	1,454	(192)
Interest expenses and borrowing related expenses	1,471	1,452	(19)
Ordinary income	9,166	9,126	(40)
Net income	9,166	9,125	(40)
Reversal of reserve for temporary difference adjustments	2,920	3,407	486
Reversal (accumulation) of reserve for distribution	(107)	—	107
Total distributions	11,978	12,533	554
Distributions per unit	¥5,773	¥6,040	¥267

Rental revenues

Revenue contributions for the full period from the properties acquired in the fiscal period ended August 31, 2019 (13 properties) +¥372 million Revenue contributions from the properties acquired in the fiscal period ended February 29, 2020 (2 properties) +¥78 million Revenue decreases of the properties sold in the fiscal period ended August 31, 2019 and February 29, 2020 (6 properties) -¥313 million

Gain on sale of real estate properties

Gain on sale of real estate properties in the sales of five logistics properties

Non-operating expenses

Investment unit issuance expenses recorded in the fiscal period ended August 31, 2019

Reversal of reserve for temporary difference adjustments

Reversal of the amount of amortization of goodwill and the difference between income associated with sale of properties for accounting and tax purposes, etc.

Balance Sheets (Summary)

	As of August 31, 2019 (27th period)	As of February 29, 2020 (28th period)	Change
Total assets	841,236	839,931	(1,304)
Current assets	49,276	52,338	3,061
Non-current assets	791,877	787,484	(4,392)
Investment properties	712,856	710,370	(2,485)
Intangible assets	73,338	71,308	(2,029)
Goodwill	67,395	65,413	(1,982)
Total liabilities	378,065	379,590	1,524
Current liabilities	43,515	22,928	(20,587)
Interest-bearing debt	36,810	14,400	(22,410)
Non-current liabilities	334,550	356,662	22,112
Interest-bearing debt	311,958	334,358	22,400
Net assets	463,170	460,341	(2,829)
Unitholders' capital	198,492	198,492	—
Capital surplus	247,667	247,667	—
Voluntary reserve	8,930	6,117	(2,812)
LTV (excluding goodwill)	45.1%	45.0%	(0.1) points
LTV (including goodwill)	41.5%	41.5%	— points
Number of investment units issued	2,075,000 units	2,075,000 units	— units
Net assets per unit	¥223,214	¥221,851	¥(1,363)

Investment properties

Increase due to properties acquired (2 properties) +¥6,689 million Decrease due to properties sold (5 properties) -¥5,889 million Capital expenditures +¥1,412 million Depreciation -¥4,806 million

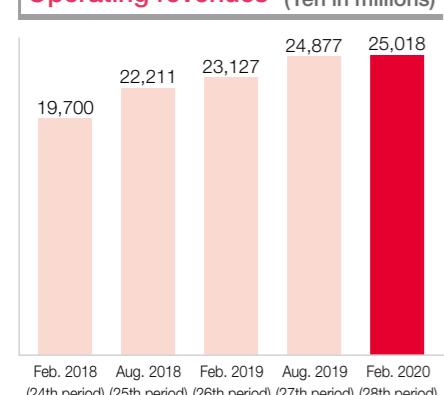
Interest-bearing debt

Repaid with funds in hand -¥10 million Refinance ¥28,900 million Reclassification of long-term loans and investment corporation bonds from non-current liabilities to current liabilities ¥6,500 million

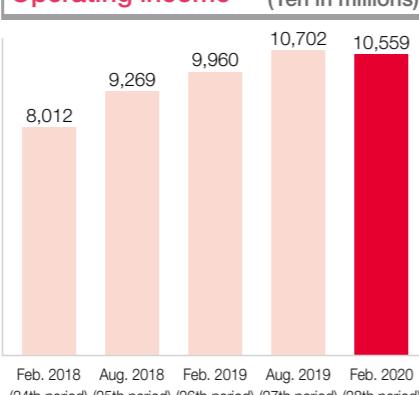
Voluntary reserve

Reversal of reserve for temporary difference adjustments (the amount equivalent to amortization of goodwill and the difference between income associated with sale of properties, etc. for accounting and tax purposes) -¥2,920 million

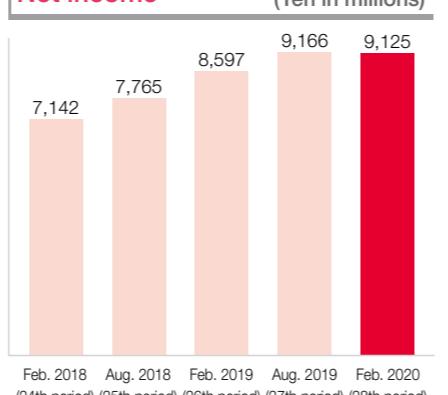
Operating revenues (Yen in millions)



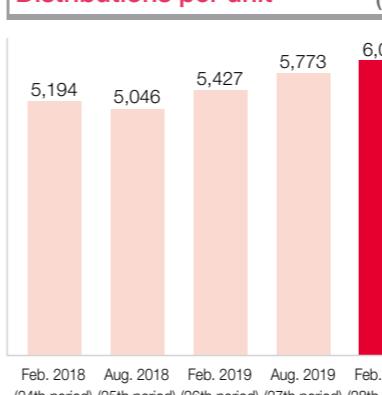
Operating income (Yen in millions)



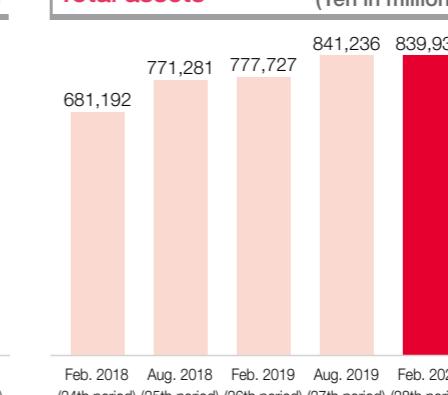
Net income (Yen in millions)



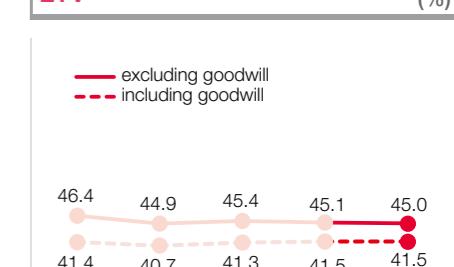
Distributions per unit (Yen)



Total assets (Yen in millions)



LTV (%)



Assets Acquired in the Fiscal Period Ended February 29, 2020

HO-004 | AGORA Kanazawa

Hotel



Upper-grade hotel located in a commercial area with good access to sightseeing attractions

- Located in the Katamachi/Korinbo area, a prominent commercial area of Kanazawa City, with excellent access to various sightseeing attractions.
- A high-grade hotel equipped with big baths, spa facilities, a restaurant serving dinner, guest rooms with the space of more than 20 m² each and a large lobby.



Acquisition date	November 29, 2019
Location	Kanazawa City, Ishikawa
Date of construction	September 2, 2019
Acquisition price	¥5,200 million
Leasable area	7,011.58 m ²
Number of guest rooms	200
Lessee	AGORA Hospitalities

RR-009 | Hapias Kaita (Land)

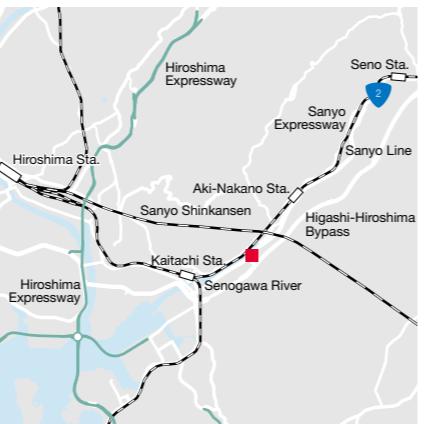
Retail (roadside type) | Daiwa House Group Sublease



Retail property located next to a new residential area within commuting distance of the Hiroshima Station

Located approx. 1.6 km southwest of Aki-Nakano Station and approx. 2.5 km northeast of Kitaichi Station on the JR Sanyo Line within commuting distance of Hiroshima Station, it has a new residential area of detached homes for-sale on the north side.

Neighborhood shopping center (NSC) composed of a total of ten tenants including Every (food supermarket), Himawari (drugstore), The Daiso (100 yen shop), a clothing store, service shops, and a restaurant.



Acquisition date	December 13, 2019
Location	Aki District, Hiroshima
Acquisition price	¥1,400 million
Leasable area	13,415.52 m ²

Assets Sold in the Fiscal Period Ended February 29, 2020

D Project Gifu



D Project Sapporo Minami



D Project Sendai Minami



D Project Gotenba



D Project Nishi-Hiroshima



Public Offering

Execution of Public Offering (February 2020)

In February 2020, it was resolved to issue 121,000 new investment units through public offering, and ¥34.3 billion of equity was raised. By raising funds through public offering and new loans, DHR acquired three properties for a total acquisition price of ¥70.8 billion.

Issuance resolution date **February 7, 2020**

Number of new investment units issued **121,000 units**

Issue price (offer price) **¥283,670 per unit**

Pricing date **February 19, 2020**

Number of investment units issued after public offering **2,196,000 units**

Total issue price (total offer price) **¥34,324 million**

Overview of Assets Acquired in April 2020

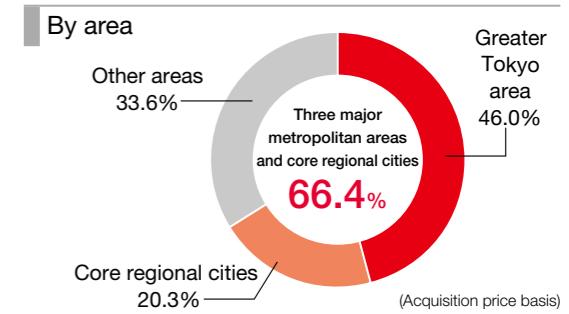
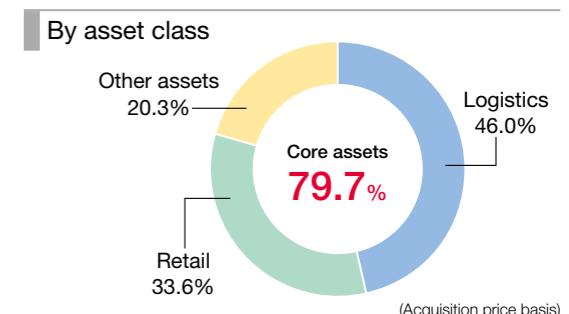
Total acquisition price **¥70.8 billion**

NOI yield **4.8%**

NOI yield after depreciation **3.6%**

Average property age **5.0 years**

Ratio of properties acquired from the Daiwa House Group's pipeline **100.0%**



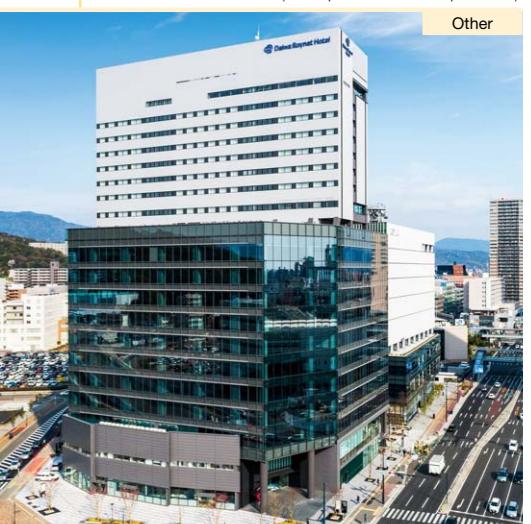
Property name	Location	Acquisition price (Yen in millions)	Appraisal value (Yen in millions)	NOI yield	NOI yield after depreciation	Occupancy rate	Property age	Average remaining lease term	Acquisition date
DPL Nagareyama I	Nagareyama City, Chiba	32,600	32,900	4.4%	3.4%	92.8%	2.1 years	9.1 years	April 3, 2020
iias Tsukuba (additional acquisition of 70% quasi co-ownership interest)	Tsukuba City, Ibaraki	23,800	24,010	5.5%	4.2%	100.0%	11.5 years	19.1 years	April 1, 2020
GRANODE Hiroshima (50% quasi co-ownership interest)	Hiroshima City, Hiroshima	14,400	14,750	4.6%	3.2%	98.5%	1.0 years	7.3 years	April 3, 2020
Total / Average		70,800	71,660	4.8%	3.6%	96.1%	5.0 years	12.5 years	

(As of April 3, 2020)

LM-004 | DPL Nagareyama I



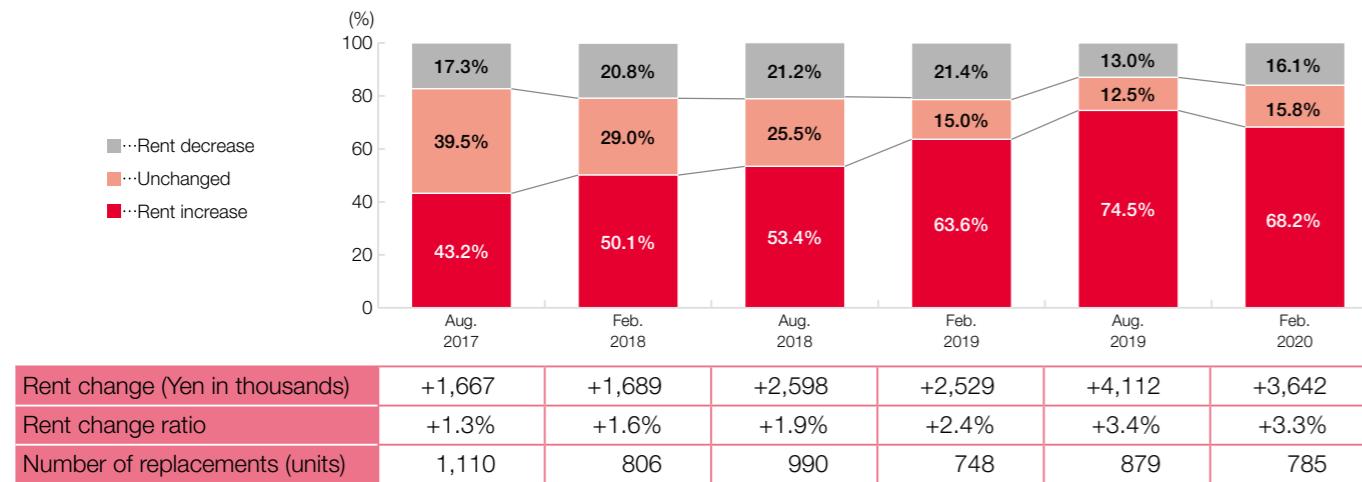
OT-006 | GRANODE Hiroshima (50% quasi co-ownership interest)



Internal Growth Initiatives

- Improving profitability by increasing rent when tenants or rents are changed and through strategic tenant replacement
- Implemented value enhancement projects to increase property attractiveness

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



Realizing Internal Growth Through the Installment of LED Lights and Value Enhancement Projects

Installment of LED lights^(Note 1)

	Number of properties	Construction cost	Effect
			Increase in total rental revenue (annual) ^(Note 2)
Logistics	17	¥644 million	¥74 million
Retail	3	¥119 million	¥9 million

DPL Misato



DREAM TOWN ALI

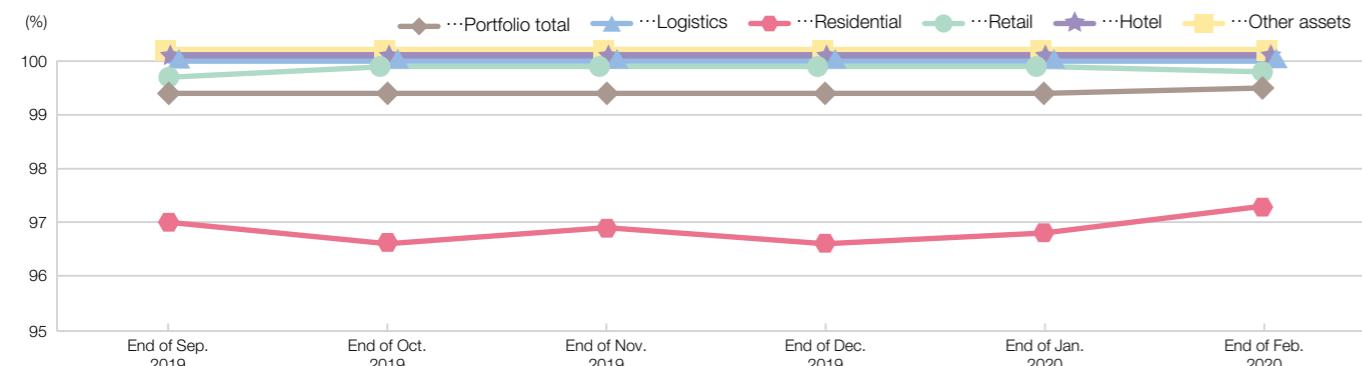


(Note 1) Data includes properties with increased rental revenue in which LED lights were installed from July 2013 to September 2019 (excluding properties that had been sold as of February 29, 2020).

(Note 2) "Increase in total rental revenue (annual)" is calculated by multiplying by twelve each asset's portion of monthly increase in revenue from the installation of LED lights.

Trend of Occupancy Rate

As of February 29, 2020, the occupancy rate was 99.5%, as we continued to maintain stable operations.



Portfolio Highlights

Asset Size (acquisition price basis / as of April 3, 2020)

227 properties **¥816.4** billion

Logistics **62** properties **¥406.2** billion

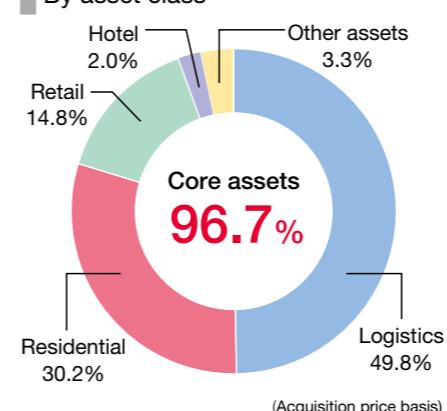
Retail **22** properties **¥120.5** billion

Other assets **6** properties **¥27.2** billion

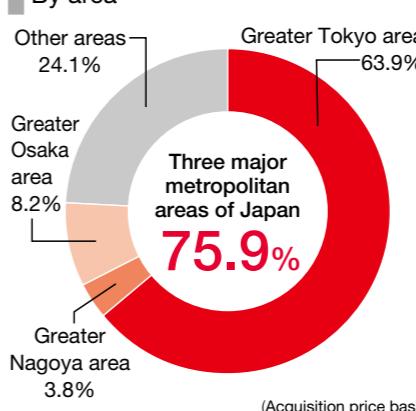
Residential **133** properties **¥246.4** billion

Hotel **4** properties **¥15.9** billion

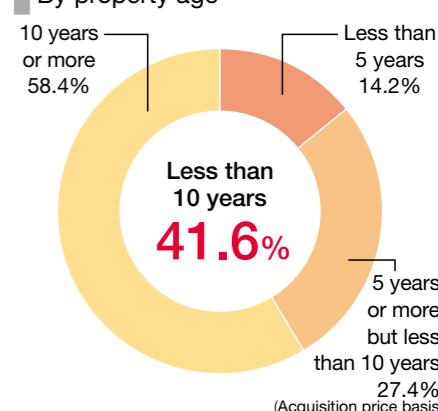
By asset class



By area

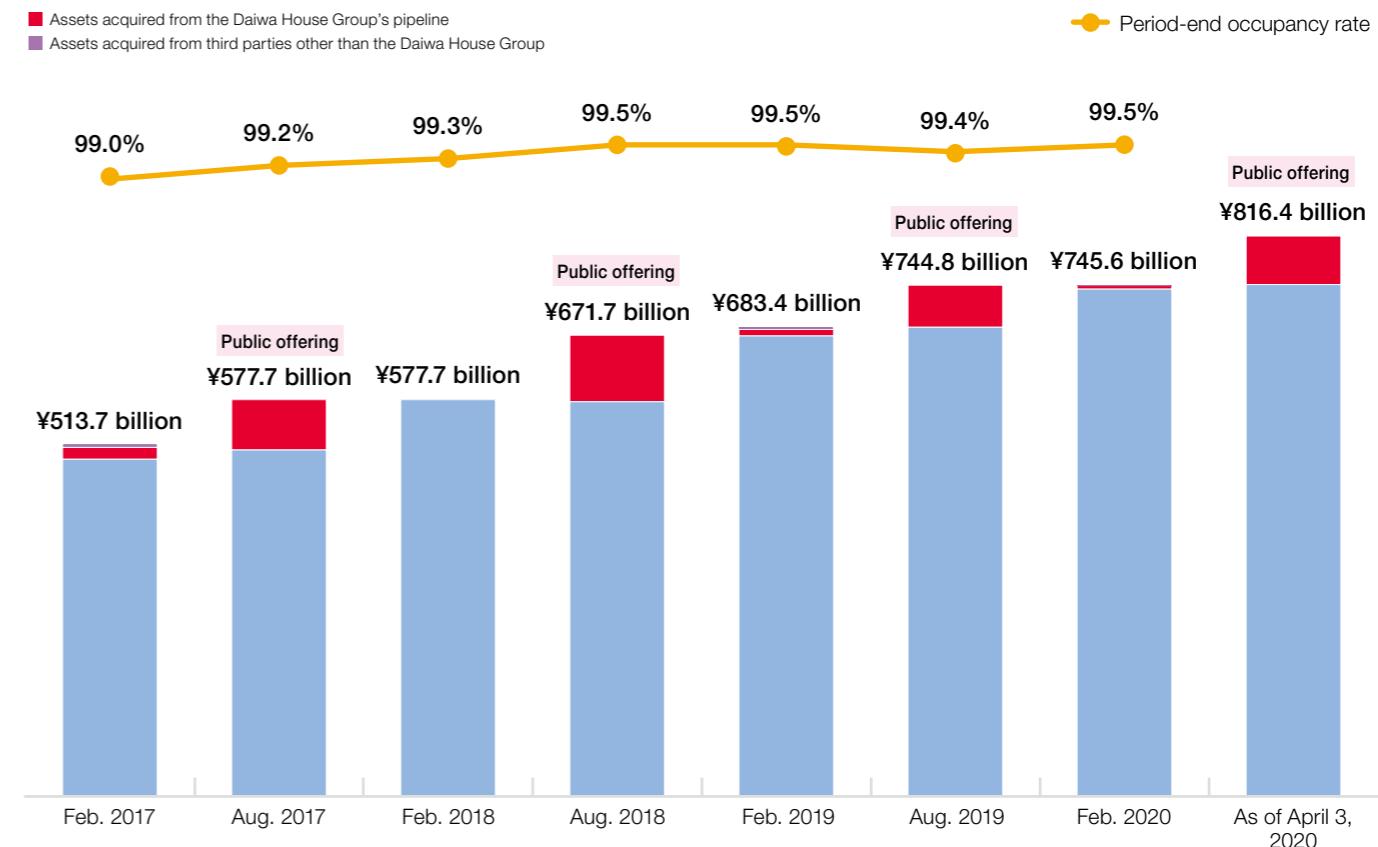


By property age



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

- Assets acquired from the Daiwa House Group's pipeline
- Assets acquired from third parties other than the Daiwa House Group



ESG Initiatives

Sustainability Policy

1 Prevention of global warming

We will promote energy conservation measures through the installation of energy conservation equipment and so forth to realize a carbon-free society. We will also consider introduction of renewable energy power generation facilities and acquisition of properties that have such equipment installed.

2 Harmony with the natural environment (preservation of biodiversity)

We will aim for a society that is able to pass on abundant natural resources to future generations in order to protect and improve natural capital. We will also promote planting and management considering harmony with the surrounding environment.

3 Conservation of natural resources (reducing waste, protecting water resources)

We will work towards the realization of a recycling-oriented society by promoting water conservation measures through the installation of water conservation equipment. We will also promote 3R activities (reduce, reuse, and recycle) for resources.

4 Prevention of chemical pollution

We will aim to realize a society where people and ecosystems do not suffer adverse effects from chemical substances by promoting reduction, substitution and appropriate management of harmful chemical substances when managing real estate, and taking efforts to minimize risks.

Sustainability Target

DHR's asset manager, Daiwa House Asset Management Co., Ltd., recognizes matters such as energy saving and the reduction of greenhouse gas emissions in asset management operations as important environmental issues and has created individual policies to reduce the environmental burden.

For individual properties, reduce specific energy consumption and CO₂ emission intensity by 10% in the ten years from 2018 to 2027

Consideration for Society

Contributions to local communities



Neighborhood co-existence activities

- Implementing cleanup activities
- Participating as a volunteer in "Japanese Lesson for People Returning from China"



Governance

● Introduction of the Investment Unit Ownership Program by both Daiwa House and the Asset Manager

Individuals covered	Introduction period (planned)
Officers of Daiwa House	November 2018
Officers and employees of the Asset Manager (as of April 1, 2020)	59 persons ^(Note) November 2019
Employees of Daiwa House (as of April 1, 2019)	16,670 persons June 2020

(Note) Includes people seconded from Daiwa House.

5 Establishment of an internal framework and initiatives for employees

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

6 Building of trust relationships with external stakeholders

We aim to build trust relationships with external stakeholders and we will work on our suppliers to enhance the satisfaction of tenant customers and promote CSR in our supply chain. We will undertake neighborhood co-existence activities with local residents.

7 Promotion of communication through information disclosure

We will proactively disclose ESG-related information and utilize dialogues with stakeholder such as investors in our future business activities. Furthermore, we will aim for continuous acquisition of Green Building Certification.

8 Compliance with laws and regulations, and risk management

We will comply with ESG-related laws and regulations. Moreover, we will strive to implement appropriate risk management, such as giving consideration for the environmental and social impacts in risk evaluations when acquiring real estate and promoting awareness of human rights.

Status of Environmental Certifications (as of March 31, 2020)

Number of properties that have obtained environmental certifications	Ratio of properties that have obtained environmental certifications (gross floor area basis)	Number of certified properties	Certified rate (gross floor area basis)	Certified rate
35 properties +13 properties Compared with the end of March 2019	53.9% +15.1 points Compared with the end of March 2019	27 properties	44.7%	+5.9 points
		21 properties	34.6%	+32.7 points
		5 properties	14.0%	+9.2 points

GRESB Assessment in 2019

● Proactively promoting ESG initiatives and information disclosure



Concluding Green Lease Agreement

● Aiming to reduce the environmental burden of owned assets through cooperation with tenants, we introduced "Green Leases"

Ratio of properties with green lease agreements concluded (gross floor area basis)

55.9%

+30.9 points
Compared with the end of March 2019



EcoAction 21

- A third-party evaluation system to certify and register organizations which promote environmental communication in accordance with the guideline formulated by the Ministry of the Environment
- Appraised for employing SDGs in the Asset Manager's environmental management policy and working on a reduction of the environmental burden of the DHR portfolio

Consideration for the Environment

LED lights



Solar and wind power generation facilities



Large-scale green area



Rooftop greening



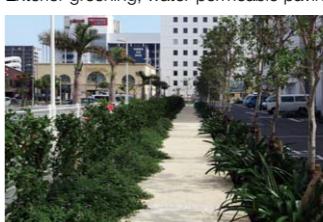
Employment of insulated sandwich panels



Large-scale window space allowing the use of natural light



Exterior greening, water-permeable paving



Eco-friendly weeding by goats



Major Portfolio Properties

Logistics properties

LB-060 | D Project Itabashi Shingashi



Logistics properties

LM-002 | DPL Fukuoka Kasuya



Logistics properties

LB-057, LB-058, LB-059 | D Project Kitahachioji I, II, III



Retail properties

RM-006 | DREAM TOWN ALi



Residential properties

RE-110 | Pacific Royal Court
Minatomirai Urban Tower



Hotel properties

HO-003 | Daiwa Roynet Hotel Nagoya
Shinkansenguchi

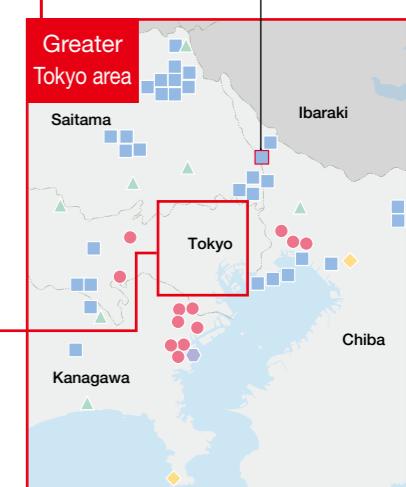
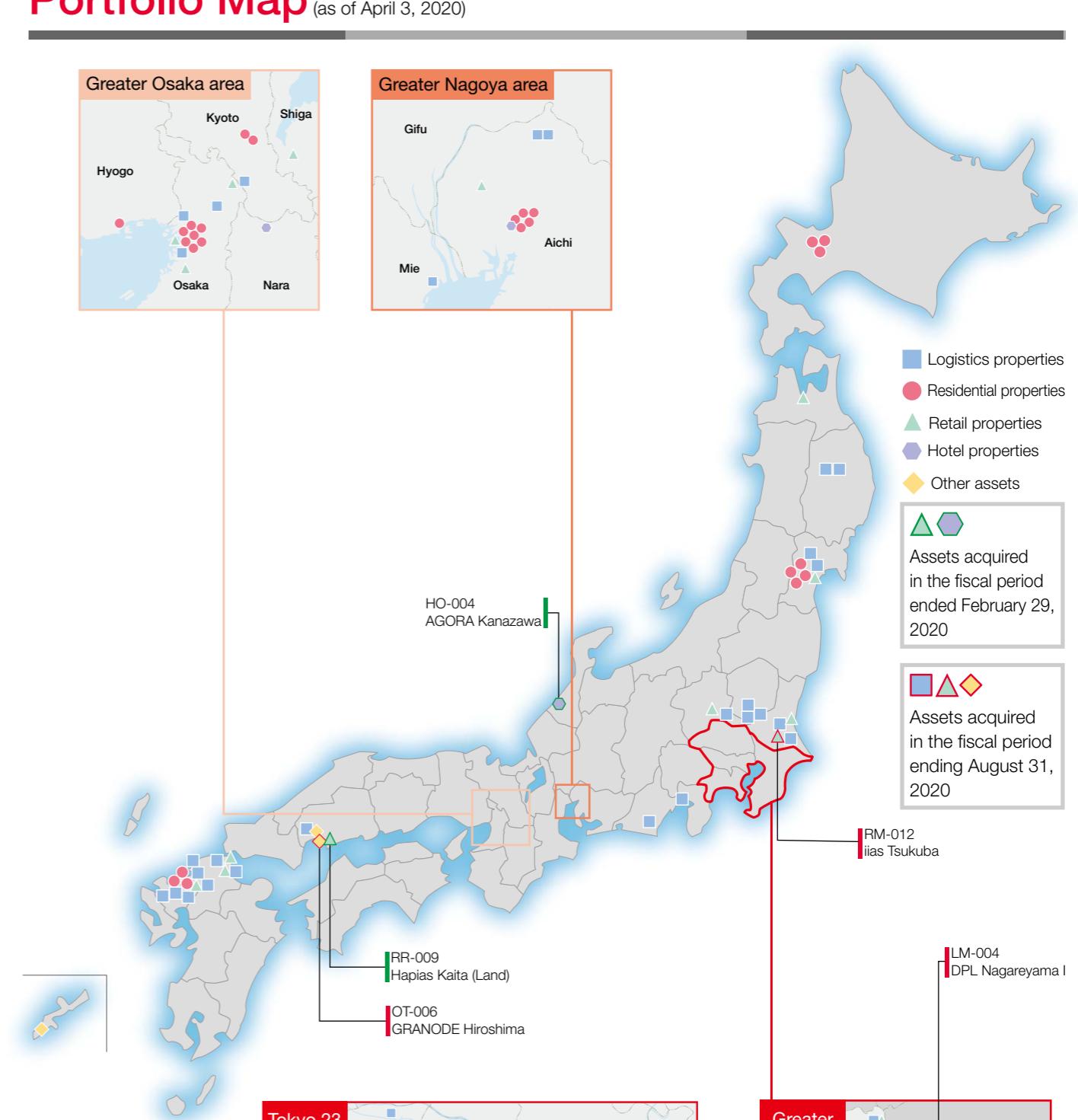
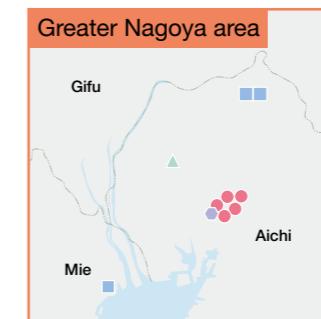


Other assets

OT-003 | Naha Shin-Toshin Center Building
(Daiwa Roynet Hotel Naha-Omoromachi)



Portfolio Map (as of April 3, 2020)



Financial Status

Financial Policy

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

Interest-bearing Debt (as of April 3, 2020)

In the fiscal period ended February 2020, we issued investment corporation bonds of ¥6,000 million, provided ¥6,000 million for early repayment of loans, refinanced ¥10,000 million in November 2019, and refinanced ¥18,900 million in January 2020. In addition, we refinanced ¥7,700 million and took out ¥28,000 million in new loans in March and April 2020.

Total interest-bearing debt	¥376,558 million
Total loans	¥351,558 million
Total investment corporation bonds	¥25,000 million
LTV (excluding goodwill)	45.2%
LTV (including goodwill)	41.9%
Long-term interest-bearing debt ratio	96.1%
Fixed interest ratio	95.8%
Average interest rate	0.68%
Average remaining maturity	5.4 years
Commitment line	¥25,000 million

Breakdown by Lender (as of April 3, 2020)

Lender	Loan balance (Yen in millions)
Sumitomo Mitsui Trust Bank, Limited	62,779
Sumitomo Mitsui Banking Corporation	62,740
MUFG Bank, Ltd.	59,594
Mizuho Bank, Ltd.	54,770
Development Bank of Japan Inc.	18,900
The Norinchukin Bank	14,810
Aozora Bank, Ltd.	12,761
Resona Bank, Limited	12,500
Mizuho Trust & Banking Co., Ltd.	8,878
Nippon Life Insurance Company	5,600
Shinsei Bank, Limited	5,500
Shinkin Central Bank	5,000
Mitsui Sumitomo Insurance Company, Limited	4,500
The Bank of Fukuoka, Ltd.	3,500
The Chiba Bank, Ltd.	2,965
The 77 Bank, Ltd.	2,700
The Nishi-Nippon City Bank, Ltd.	2,500
The Chugoku Bank, Limited	2,200
The Iyo Bank, Ltd.	2,000
The Bank of Kyoto, Ltd.	1,500
The Dai-ichi Life Insurance Company, Limited	1,500
The Shizuoka Bank, Ltd.	1,260
JAPAN POST INSURANCE Co., Ltd.	1,100
Taiyo Life Insurance Company	1,000
The Yamaguchi Bank, Ltd.	500
The Yamanashi Chuo Bank, Ltd.	500
Total loans	351,558

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

Diversifying Debt Maturities (as of April 3, 2020)



Rating/Outlook (as of February 29, 2020)

JCR (Japan Credit Rating Agency, Ltd.)	AA (Stable)	R&I (Rating and Investment Information, Inc.)	AA- (Stable)
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1. Summary of Asset Management

(1) Historical Operating Results

	24th period February 2018	25th period August 2018	26th period February 2019	27th period August 2019	28th period February 2020
Operating revenues (Note 1)	Yen in millions 19,700	22,211	23,127	24,877	25,018
Of which, real estate rental revenues	Yen in millions 19,700	22,211	23,013	24,722	24,712
Operating expenses	Yen in millions 11,687	12,942	13,166	14,175	14,459
Of which, real estate rental expenses	Yen in millions 7,947	8,944	9,184	10,062	10,278
Operating income	Yen in millions 8,012	9,269	9,960	10,702	10,559
Ordinary income	Yen in millions 7,146	7,770	8,597	9,166	9,126
Net income	Yen in millions 7,142	7,765	8,597	9,166	9,125
Total assets	Yen in millions 681,192	771,281	777,727	841,236	839,931
Period-on-period changes	% (0.2)	13.2	0.8	8.2	(0.2)
Net assets	Yen in millions 376,300	430,596	429,223	463,170	460,341
Period-on-period changes	% (0.3)	14.4	(0.3)	7.9	(0.6)
Unitholders' capital	Yen in millions 108,136	163,230	163,230	198,492	198,492
Total number of investment units issued	Units 1,690,000	1,927,000	1,927,000	2,075,000	2,075,000
Net assets per unit	Yen 222,663	223,454	222,741	223,214	221,851
Total distributions	Yen in millions 8,777	9,723	10,457	11,978	12,533
Distributions per unit	Yen 5,194	5,046	5,427	5,773	6,040
Of which, earnings distributions per unit	Yen 5,194	5,046	5,427	5,773	6,040
Of which, distributions in excess of earnings per unit	Yen —	—	—	—	—
Ordinary income to total assets ratio (Note 2)	% Annualized	1.0 2.1	1.1 2.1	1.1 2.2	1.1 2.2
Return on equity (Note 3)	% Annualized	1.9 3.8	1.9 3.8	2.0 4.0	2.1 4.1
Equity ratio	% Period-on-period changes	55.2 (0.1)	55.8 0.6	55.2 (0.6)	55.1 (0.1)
Payout ratio	% <Other Reference Information>	122.9	123.6	121.7	130.6
Rental NOI (Note 4)	Yen in millions 15,503	17,563	18,283	19,424	19,239
FFO per unit (Note 5)	Yen 7,625	7,346	7,747	7,598	7,526
FFO multiple (Note 6)	Times 16.7	17.7	15.9	18.6	17.8
Debt service coverage ratio (Note 7)	Times 14.4	14.2	14.8	14.6	14.8
Interest-bearing debt	Yen in millions 282,268	314,268	321,268	348,768	348,758
Interest-bearing debt to total assets ratio (Note 8)	% 41.4	40.7	41.3	41.5	41.5

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

(2) Asset Management during the Period

i) Transition of DHR

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

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

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

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

ii) Performance for the Current Fiscal Period

DHR sold five logistics properties for a total sales price of ¥5.9 billion in September 2019. Furthermore, DHR acquired two properties for a total acquisition price (Note 1) of ¥6.6 billion through the Daiwa House Group (Note 2)'s pipeline, etc. in November and December 2019 by funds in hand. As a result, DHR's portfolio as of the end of the current fiscal period consists of 225 properties with an asset value of ¥745.6 billion (Note 3).

- (Notes) 1. "Acquisition price" is the purchase price stipulated in the respective purchase agreements of assets owned by DHR (not including expenses pertaining to acquisitions, settlement money such as taxes and public dues, consumption taxes, or leasehold guarantee deposits, etc.), except as otherwise noted. However, the acquisition prices of properties previously owned by NCR have been presented as the appraisal values as of February 28, 2010, which were the prices received at the time of the merger with NCR, and the acquisition prices of properties previously owned by the former DHR have been presented as the appraisal values as of August 31, 2016, which were the prices received at the time of the merger with the former DHR. The "total acquisition price" has been rounded down to the nearest unit. The same shall apply hereinafter.
 2. The Daiwa House Group comprises Daiwa House, which is the parent company, 319 consolidated subsidiaries, 1 non-consolidated subsidiary, 40 equity-method affiliates and 2 non-equity-method affiliates as of December 31, 2019. The Asset Manager is a member of the group. The same shall apply hereinafter.
 3. "Asset value" is the aggregate total of the acquisition prices of respective assets owned by DHR at respective points in time, except as otherwise noted. The same shall apply hereinafter.

iii) Overview of Financing

DHR issued its 9th Unsecured Investment Corporation Bonds (Green Bonds) at a total amount of ¥6,000 million on November 25, 2019 to provide for part of the funds for the repayment of ¥10,000 million in existing loans due on November 29, 2019. On November 29, 2019, DHR arranged refinancing of ¥10,000 million to provide for partial early repayment of ¥10,000 million in existing loans (early repayment amount of ¥6,000 million) and to provide for part of the funds for the repayment of ¥10,000 million in existing loans due on the same day. Furthermore, DHR arranged refinancing of ¥18,900 million to provide for part of the funds for the repayment of ¥18,910 million in existing loans due on January 31, 2020.

As a result, the balance of interest-bearing debt outstanding as of the end of the current fiscal period amounted to ¥348,758 million (loan balance: ¥323,758 million, investment corporation bond balance: ¥25,000 million), which is a decrease of ¥10 million in comparison with the previous fiscal period. As of the end of the current fiscal period, its LTV (including goodwill) (Note 1) was 41.5%, and its LTV (excluding goodwill) (Note 2) was 45.0%.

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

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

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

iv) Difference between Real Estate Appraisal Value and Book Value

The total appraisal value of assets held at the end of the current fiscal period was ¥830,171 million, and the amount of unrealized gain (Note) on the portfolio, which is the difference compared to the book value, was ¥113,960 million.

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

v) Overview of Financial Results

As a result of the abovementioned investment management activities, in the current fiscal period, DHR posted operating revenues of ¥25,018 million, operating income of ¥10,559 million, ordinary income of ¥9,126 million, and net income of ¥9,125 million (¥4,398 per investment unit).

Furthermore, based on its distribution policy, DHR reversed ¥3,407 million (¥1,642 per investment unit) as the sum of the amount of amortization of goodwill, the difference between income associated with sale of properties for accounting and tax purposes, and part of the amount of damages to D Project Urayasu II from typhoons from reserve for temporary difference adjustments to top up net income. As a result, total distributions amounted to ¥12,533 million (¥6,040 per investment unit).

(3) Summary of Capital Increase

Changes in DHR's total number of investment units issued and unitholders' capital for the most recent five years until February 29, 2020 are as follows:

Date	Event	Total number of investment units issued (Units)		Unitholders' capital (Yen in millions)		Remark
		Change	Balance	Change	Balance	
March 1, 2015	Split of investment units	373,870	747,740	–	61,703	(Note 1)
September 1, 2016	Delivery by allotment due to merger	771,540	1,519,280	–	61,703	(Note 2)
March 21, 2017	Capital increase through public offering	156,720	1,676,000	42,625	104,328	(Note 3)
April 14, 2017	Capital increase through third-party allotment	14,000	1,690,000	3,807	108,136	(Note 4)
March 19, 2018	Capital increase through public offering	222,000	1,912,000	51,607	159,743	(Note 5)
April 13, 2018	Capital increase through third-party allotment	15,000	1,927,000	3,486	163,230	(Note 6)
March 1, 2019	Capital increase through public offering	138,000	2,065,000	32,879	196,110	(Note 7)
March 26, 2019	Capital increase through third-party allotment	10,000	2,075,000	2,382	198,492	(Note 8)

- (Notes) 1. A 2-for-1 split of investment units was implemented with an effective date of March 1, 2015.
 2. At the time of the merger, which became effective as of September 1, 2016, DHR allotted 2.2 units of DHR per unit of the former DHR, and as a result, 771,540 new investment units were issued.
 3. Investment units were issued by public offering with an issue price of ¥280,868 per unit (paid-in amount: ¥271,983) in order to raise funds for the acquisition of new properties, etc.
 4. Additional investment units were issued with a paid-in amount of ¥271,983 per unit in order to raise funds for the acquisition of new properties, etc.
 5. Investment units were issued by public offering with an issue price of ¥239,806 per unit (paid-in amount: ¥232,465) in order to raise funds for the acquisition of new properties, etc.
 6. Additional investment units were issued with a paid-in amount of ¥232,465 per unit in order to raise funds for the acquisition of new properties, etc.
 7. Investment units were issued by public offering with an issue price of ¥245,784 per unit (paid-in amount: ¥238,260) in order to raise funds for the acquisition of new properties, etc.
 8. Additional investment units were issued with a paid-in amount of ¥238,260 per unit in order to raise funds for the acquisition of new properties, etc.

[Changes in market price of investment securities]

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

	24th period	25th period	26th period	27th period	28th period
Fiscal period ended	February 2018	August 2018	February 2019	August 2019	February 2020
Highest	¥277,100	¥276,000	¥261,100	¥280,800	¥318,000
Lowest	¥250,800	¥244,000	¥238,800	¥241,700	¥269,200
Beginning of period	¥268,500	¥251,300	¥256,900	¥247,200	¥282,000
End of period	¥257,100	¥257,600	¥248,400	¥280,400	¥269,200

(4) Distributions

As indicated in "(5) Future Operating Policies and Issues to Be Addressed, ii) Future Operating Policies and Issues to Be Addressed, (b) Distribution Policy" below, DHR established the policy on how to use the voluntary reserve (defined below in "(5) Future Operating Policies and Issues to Be Addressed, ii) Future Operating Policies and Issues to Be Addressed, (b) Distribution Policy.") and implemented its distribution policy by utilizing the voluntary reserve. For the current fiscal period, DHR decided to reverse the sum of the amount of amortization of goodwill, difference of income from sale of properties for accounting and tax purposes, and part of the amount of damages to D Project Urayasu II from typhoons of ¥3,407 million from reserve for temporary difference adjustments and add the reversal to unappropriated retained earnings of ¥9,125 million to distribute ¥12,533 million as cash distributions in the amount of ¥6,040 per unit.

	24th period From September 1, 2017 to February 28, 2018	25th period From March 1, 2018 to August 31, 2018	26th period From September 1, 2018 to February 28, 2019	27th period From March 1, 2019 to August 31, 2019	28th period From September 1, 2019 to February 29, 2020
Unappropriated retained earnings (Yen in thousands)	7,142,344	7,765,290	8,597,087	9,166,085	9,125,933
Amount retained as voluntary reserve (Note) (Yen in thousands)	12,749,459	10,791,107	8,930,366	6,117,477	2,710,410
Total distributions (Yen in thousands)	8,777,860	9,723,642	10,457,829	11,978,975	12,533,000
Distributions per unit (Yen)	5,194	5,046	5,427	5,773	6,040
Of the above, total earnings distributions (Yen in thousands)	8,777,860	9,723,642	10,457,829	11,978,975	12,533,000
Earnings distributions per unit (Yen)	5,194	5,046	5,427	5,773	6,040
Of the above, total capital refunds	–	–	–	–	–
Capital refunds per unit	–	–	–	–	–
Of total capital refunds, total distributions deemed as distributions from the allowance for temporary difference adjustments	–	–	–	–	–
Of capital refunds per unit, temporary-difference-adjustment-allowance distributions per unit	–	–	–	–	–
Of total capital refunds, total distributions deemed as distributions from capital refunds for tax purposes	–	–	–	–	–
Of capital refunds per unit, distributions deemed as distributions from capital refunds for tax purposes per unit	–	–	–	–	–

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

(5) Future Operating Policies and Issues to Be Addressed

i) Investment Environment

During the current fiscal period, the Japanese economy experienced the negative effects of a consumption tax hike and inclement weather in the form of large-scale typhoons, resulting in a decline in private consumption. Additionally, from October to December 2019, capital expenditure declined for the first time in three quarters, and exports continued to struggle, resulting in a decline in the real GDP growth rate (the 2nd preliminary) of 1.8% compared with the previous quarter. Furthermore, entering 2020, the economy is facing immense downward pressure from the COVID-19 pandemic, and we must pay careful attention to further downside risks to the internal and external economy going forward.

In the J-REIT market, the Tokyo Stock Exchange REIT Index in 2019 rose to 2,250 points on November 5 and trended stably above the 2,100-point level thereafter, as investors valued the stable distribution payment results of REITs. However, as the COVID-19 pandemic grew, the global shift to risk-off gained steam, and the Tokyo Stock Exchange REIT Index also became unstable, like the large-scale volatility seen in the stock markets of major countries from late February 2020.

ii) Future Operating Policies and Issues to Be Addressed

(a) Growth Strategy

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

Due to its shift to a diversified portfolio strategy, DHR's portfolio now includes a range of assets with varying risk-return profiles, and as of the date of this report, maintains high occupancy rates for assets held across all asset classes. 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) Distribution Policy

DHR changed part of its distribution policy in the fiscal period ended February 28, 2017 and made it a policy to reverse the amount equivalent to amortization of goodwill from the voluntary reserve (reserve for temporary difference adjustments and reserve for distribution; the same shall apply hereinafter) (Note 1) and to use this to top up net income.

In case of losses incurred in special cases such as loss on sale of real estate properties, in case of the dilution of distribution due to capital increase through public offering, in case of the inability to secure sufficient revenues accompanying a capital increase through public offering due to short operation periods of properties acquired during a fiscal period, or in the case of the occurrence of a difference between excess income associated with sale of properties for accounting and with that for tax purposes that causes a need for DHR to take action to maintain its conduit status, DHR plans to reverse the voluntary reserve.

Goodwill recognized from the Merger is amortized over 20 years using the straight-line method. As described above, although DHR plans to reverse the amount equivalent to amortization of goodwill from the voluntary reserve and distribute it, after the reversal of the voluntary reserve is complete, DHR plans to pay distributions in excess of earnings of the amount equivalent to amortization of goodwill (distribution accounted as an allowance for temporary difference adjustments and other distributions in excess of earnings).

DHR's policy is to flexibly utilize voluntary reserve and subsequently pay distributions in excess of earnings (distribution accounted as an allowance for temporary difference adjustments and other distributions in excess of earnings) to realize stabilization of distributions on a medium-to long-term basis (Note 2) while ensuring the level of distributions not impacted by the amortization of goodwill that accompanied the Merger.

(Notes) 1. DHR's reversals of voluntary reserve do not fall under distributions in excess of earnings (return of unitholders' capital).

2. Under the above distribution policy, DHR has the policy to stabilize distributions. However, it is not intended as a guarantee or promise of the payment of distribution and amounts thereof.

iii) Financial Strategy

DHR seeks as its basic policy to execute a well-planned and flexible financial strategy with the aim of ensuring sustainable income on a medium-to long-term basis, contributing to the steady growth and efficient management of its properties and creating management stability.

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

(6) Significant Events after Balance Sheet Date

A. Issuance of New Investment Units

At the board of directors meetings held on February 7, 2020 and on February 19, 2020, it was resolved to issue new investment units. The payment for the new investment units issued through public offering was completed on March 2, 2020.

As a result, unitholders' capital amounts to ¥231,766 million, and the total number of investment units issued is 2,196,000 units.

Furthermore, with respect to the issuance of new investment units through third-party allotment in connection with the secondary offering through over-allotment, DHR received notice from Nomura Securities Co., Ltd., the allottee, to the effect that it would not subscribe for any of the new investment units to be issued, by the subscription date, March 23, 2020, and therefore, the issuance of new investment units through third-party allotment as described above was not conducted.

Issuance of new investment units (public offering)

Number of new investment units issued: 121,000 units

(Japan: 76,200 units; Overseas: 44,800 units)

Issue price:	¥283,670 per unit
Total issue price:	¥34,324,070,000
Amount paid in (issue value):	¥274,986 per unit
Total amount paid in (issue value):	¥33,273,306,000
Payment date:	March 2, 2020

B. Acquisition of Assets

DHR acquired the following properties:

Asset name	DPL Nagareyama I
Asset type	Trust beneficiary interest in real estate
Asset class	Logistics properties
Acquisition price (Note 1)	¥32,600,000 thousand
Seller (Note 2)	Kabushiki Kaisha Nagareyama Kyodo Kaihatsu
Date of acquisition	April 3, 2020
Asset name	iias Tsukuba (additional acquisition of 70% quasi co-ownership) (Note 3)
Asset type	Trust beneficiary interest in real estate
Asset class	Retail properties
Acquisition price (Note 1)	¥23,800,000 thousand
Seller (Note 2)	Daiwa House Industry Co., Ltd.
Date of acquisition	April 1, 2020
Asset name	GRANODE Hiroshima (50% quasi co-ownership)
Asset type	Trust beneficiary interest in real estate
Asset class	Other assets
Acquisition price (Note 1)	¥14,400,000 thousand
Seller (Note 2)	Daiwa House Industry Co., Ltd.
Date of acquisition	April 3, 2020

(Notes) 1. This figure does not include expenses pertaining to acquisitions, settlement money such as taxes and public dues, consumption taxes, etc.

2. The following companies are defined as interested parties, etc. in the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, as amended; hereinafter referred to as the "Investment Trusts Act"): Kabushiki Kaisha Nagareyama Kyodo Kaihatsu, which is the seller of DPL Nagareyama I, and Daiwa House, which is the seller of iias Tsukuba and GRANODE Hiroshima. Therefore, the Asset Manager has gone through the necessary discussion and resolution procedures in accordance with its regulations on transactions with interested parties.

3. Regarding iias Tsukuba, DHR acquired 30% quasi co-ownership as of April 5, 2019, and the additional acquisition of 70% quasi co-ownership resulted in DHR's 100% ownership of this property.

I. Asset Management Report

C. Debt Financing

(a) DHR conducted debt financing for part of the funds to refinance long-term loans of ¥6,900 million due on March 31, 2020 and ¥1,000 million due on April 1, 2020, as follows:

Lender	Borrowing amount (Yen in millions)	Interest rate	Borrowing date	Repayment date	Method of repayment	Collateral
Sumitomo Mitsui Trust Bank Limited MUFG Bank, Ltd.		Base interest rate (Japanese Bankers Association 1-month yen TIBOR) +0.210% (Floating interest rate)				
Sumitomo Mitsui Banking Corporation Mizuho Bank, Ltd. Resona Bank, Limited The Norinchukin Bank The Chiba Bank, Ltd. Shinsei Bank, Limited	6,700		March 31, 2020	September 29, 2023	Bullet repayment	Unsecured and non-guaranteed
Mitsui Sumitomo Insurance Company, Limited	1,000	0.400% (Fixed interest rate)	April 1, 2020	April 30, 2026	Bullet repayment	Unsecured and non-guaranteed

(b) DHR conducted debt financing for acquiring the properties mentioned in "B. Acquisition of assets" above, on April 1, 2020 and April 3, 2020, as follows:

Lender	Borrowing amount (Yen in millions)	Interest rate	Borrowing date	Repayment date	Method of repayment	Collateral
Sumitomo Mitsui Banking Corporation	1,250	Base interest rate (Japanese Bankers Association 1-month yen TIBOR) +0.175% (Floating interest rate)	April 1, 2020	April 1, 2021	Bullet repayment	Unsecured and non-guaranteed
Sumitomo Mitsui Trust Bank, Limited	1,250	Base interest rate (Japanese Bankers Association 1-month yen TIBOR) +0.175% (Floating interest rate)	April 1, 2020	April 1, 2021	Bullet repayment	Unsecured and non-guaranteed
MUFG Bank, Ltd.	1,250	Base interest rate (Japanese Bankers Association 1-month yen TIBOR) +0.175% (Floating interest rate)	April 1, 2020	April 1, 2021	Bullet repayment	Unsecured and non-guaranteed
Mizuho Bank, Ltd.	1,250	Base interest rate (Japanese Bankers Association 1-month yen TIBOR) +0.175% (Floating interest rate)	April 1, 2020	April 1, 2021	Bullet repayment	Unsecured and non-guaranteed
Sumitomo Mitsui Trust Bank, Limited The Norinchukin Bank The 77 Bank, Ltd. The Chugoku Bank, Limited Nippon Life Insurance Company Sumitomo Mitsui Banking Corporation MUFG Bank, Ltd. Mizuho Bank, Ltd. The Chiba Bank, Ltd. The Iyo Bank, Ltd.	6,000	0.34774% (Fixed interest rate)	April 3, 2020	October 31, 2024	Bullet repayment	Unsecured and non-guaranteed
The Dai-ichi Life Insurance Company, Limited	500	0.400% (Fixed interest rate)	April 3, 2020	March 31, 2026	Bullet repayment	Unsecured and non-guaranteed
Mitsui Sumitomo Insurance Company, Limited	500	0.410% (Fixed interest rate)	April 3, 2020	September 30, 2026	Bullet repayment	Unsecured and non-guaranteed
Development Bank of Japan Inc.	1,000	0.50981% (Fixed interest rate)	April 3, 2020	September 29, 2028	Bullet repayment	Unsecured and non-guaranteed

Lender	Borrowing amount (Yen in millions)	Interest rate	Borrowing date	Repayment date	Method of repayment	Collateral
Sumitomo Mitsui Trust Bank, Limited Resona Bank, Limited Sumitomo Mitsui Banking Corporation MUFG Bank, Ltd. Mizuho Bank, Ltd. Shinsei Bank, Limited Shinkin Central Bank The Bank of Fukuoka, Ltd. The Nishi-Nippon City Bank, Ltd.	5,000	0.509% (Note)	April 3, 2020	April 27, 2029	Bullet repayment	Unsecured and non-guaranteed
MUFG Bank, Ltd. Sumitomo Mitsui Trust Bank, Limited Sumitomo Mitsui Banking Corporation Mizuho Bank, Ltd. Mizuho Trust & Banking Co., Ltd. The Bank of Kyoto, Ltd. The Yamanashi Chuo Bank, Ltd.	10,000	0.615% (Note)	April 3, 2020	April 30, 2030	Bullet repayment	Unsecured and non-guaranteed

(Note) DHR entered into an interest rate swap transaction to hedge its exposure to interest rate fluctuation risk. The stated interest rate includes the effect of the interest rate swap.

► 2. Overview of the Investment Corporation

(1) Status of Investment Units

	24th period As of February 28, 2018	25th period As of August 31, 2018	26th period As of February 28, 2019	27th period As of August 31, 2019	28th period As of February 29, 2020
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	1,690,000	1,927,000	1,927,000	2,075,000	2,075,000
Unitholders' capital (Yen in thousands)	108,136,162	163,230,367	163,230,367	198,492,847	198,492,847
Number of unitholders	13,461	16,962	16,903	17,717	16,349

(2) Matters concerning Investment Units

The major unitholders as of February 29, 2020 are as follows:

Name	Number of investment units held (Units)	Percentage of investment units held against the total number of investment units issued (%) (Note)
Japan Trustee Services Bank, Ltd. (Trust account)	400,675	19.3
The Master Trust Bank of Japan, Ltd. (Trust account)	297,230	14.3
Daiwa House Industry Co., Ltd.	187,200	9.0
The Nomura Trust and Banking Co., Ltd. (Investment trust account)	88,489	4.3
State Street Bank - West Client - Treaty 505234	71,710	3.5
Trust & Custody Services Bank, Ltd. (Securities investment trust account)	47,906	2.3
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	38,228	1.8
State Street Bank and Trust Company 505103	26,289	1.3
SMBC Nikko Securities Inc.	21,507	1.0
JPMorgan Securities Japan Co., Ltd.	20,034	1.0
Total	1,199,268	57.8

(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 compensation per title during the 28th period (Yen in thousands)
Executive Director	Toshiharu Asada (Note 2)	—	1,200
	Jiro Kawanishi (Note 2)	—	1,200
Supervisory Directors	Tetsuya Iwasaki	Certified Public Accountant and Enrolled Agent, Citiia Certified Public Accountant Firm Outside Director, Uoriki Co., Ltd.	2,100
	Hiroshi Ishikawa	Attorney, Ohhara Law Office Outside Director, Japan Medical Dynamic Marketing, INC.	2,100
Accounting Auditor	Ernst & Young ShinNihon LLC	—	20,500

(Notes) 1. The Executive Directors 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. Former Executive Director Jiro Kawanishi retired on November 30, 2019, and on December 1, 2019, Toshiharu Asada was newly appointed as Executive Director.
 3. 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 compensation for audits.
 4. Compensation for the Accounting Auditor includes fees for the creation of comfort letters for the issuance of the 9th Unsecured Investment Corporation Bonds (Green Bonds) in November 2019.

(4) 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.

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)	27th period August 31, 2019		28th period February 29, 2020		
			Total amount held (Yen in millions) (Note 2)	Percentage to total assets (%) (Note 3)	Total amount held (Yen in millions) (Note 2)	Percentage to total assets (%) (Note 3)	
Real estate	Residential properties	Three major metropolitan areas of Japan	Greater Tokyo area	23,746	2.8	23,693	2.8
			Greater Nagoya area	902	0.1	894	0.1
			Greater Osaka area	13,236	1.6	13,219	1.6
		Other	5,290	0.6	5,239	0.6	
	Retail properties	Other	—	—	1,466	0.2	
		Subtotal	43,175	5.1	44,514	5.3	
	Logistics properties	Three major metropolitan areas of Japan	Greater Tokyo area	239,691	28.5	238,522	28.4
			Greater Nagoya area	16,828	2.0	15,668	1.9
			Greater Osaka area	22,925	2.7	22,773	2.7
		Other	93,849	11.2	88,706	10.6	
Trust beneficiary interests in real estate	Residential properties	Three major metropolitan areas of Japan	Greater Tokyo area	167,228	19.9	166,372	19.8
			Greater Nagoya area	5,984	0.7	5,927	0.7
			Greater Osaka area	6,061	0.7	6,013	0.7
		Other	5,003	0.6	4,914	0.6	
	Retail properties	Three major metropolitan areas of Japan	Greater Tokyo area	32,544	3.9	32,432	3.9
			Greater Nagoya area	2,390	0.3	2,390	0.3
			Greater Osaka area	20,422	2.4	20,381	2.4
		Other	39,462	4.7	39,325	4.7	
Other assets	Hotel properties	Three major metropolitan areas of Japan	Greater Tokyo area	4,780	0.6	4,758	0.6
			Greater Nagoya area	4,536	0.5	4,531	0.5
			Greater Osaka area	1,467	0.2	1,459	0.2
		Other	—	—	5,200	0.6	
	Other assets	Three major metropolitan areas of Japan	Greater Tokyo area	3,281	0.4	3,268	0.4
			Other	9,159	1.1	9,101	1.1
		Subtotal	675,621	80.3	671,749	80.0	
Deposits and other assets			122,439	14.6	123,667	14.7	
Total assets			841,236	100.0	839,931	100.0	

- (Notes) 1. Three major metropolitan areas of Japan in "Area" are the greater Tokyo area (Tokyo, Kanagawa, Saitama and Chiba, the same shall apply hereinafter), the greater Nagoya area (Aichi, Gifu and Mie, the same shall apply hereinafter) and the greater Osaka area (Osaka, Kyoto, Hyogo, Nara and Shiga, the same shall apply hereinafter). The same shall apply hereinafter.
 2. "Total amount held" represents the amounts recorded on the balance sheets as of the last day of each fiscal period (August 31, 2019 and February 29, 2020), which are rounded down to the nearest million yen. For real estate properties and trust beneficiary interests in real estate (may be referred to as "real estate in trust" or "trust beneficiary interests in real estate"), the amounts are their acquisition prices (including expenses associated with the acquisition) less accumulated depreciation.
 3. "Percentage to total assets" is rounded to the first decimal place.

(2) Principal Assets Held

The overview of principal assets held by DHR as of February 29, 2020 (top ten properties in terms of book value at the end of the period) is as follows:

Property name	Book value (Yen in millions) (Note 1)	Leasable area (m ²) (Note 2)	Leased area (m ²) (Note 3)	Occupancy rate (%) (Note 4)	Rate to total real estate rental revenues (%) (Note 5)	Primary use
D Project Urayasu II	25,436	72,320.01	72,320.01	100.0	(Note 6)	Logistics
DPL Misato	16,575	55,864.47	55,864.47	100.0	(Note 6)	Logistics
D Project Hachioji	15,090	62,394.17	62,394.17	100.0	(Note 6)	Logistics
DPL Fukuoka Kasuya	13,204	73,750.55	73,484.76	99.6	(Note 6)	Logistics
D Project Itabashi Shingashi	12,302	33,763.46	33,763.46	100.0	(Note 6)	Logistics
D Project Inuyama	10,390	54,197.80	54,197.80	100.0	(Note 6)	Logistics
iias Tsukuba	10,316	41,670.12	41,670.12	100.0	1.3	Retail
D Project Nishiyodogawa	9,874	39,584.80	39,584.80	100.0	(Note 6)	Logistics
D Project Machida	9,164	50,490.39	50,490.39	100.0	(Note 6)	Logistics
D Project Urayasu I	9,093	36,515.81	36,515.81	100.0	(Note 6)	Logistics
Total	131,448	520,551.58	520,285.79	99.9	14.4	—

- (Notes) 1. "Book value" is the amount recorded on the balance sheets as of February 29, 2020 (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 which DHR believes is leasable as indicated in the relevant lease agreement or drawing of the building in relation to each real estate or each real estate in trust as of February 29, 2020. In the cases of each co-owned real estate or quasi co-owned trust beneficiary interests, the leasable area of the entire real estate multiplied by the ratio of co-ownership of the real estate or quasi co-ownership of the trust beneficiary interests in real estate held by DHR is provided.
 3. "Leased area" represents the leased area in the leasable area as indicated in the lease agreement in relation to each real estate or each real estate in trust as of February 29, 2020. However, in the case of a pass-through type master lease agreement entered into with the master lease company, the leased area to end-tenants indicated in each sublease agreement entered into between the master lease company and end-tenants for each real estate or each real estate in trust as of February 29, 2020, is provided. As some lease agreements for each real estate or each real estate in trust may indicate leased area that includes portions not included in the gross floor area, the leased area may exceed the gross floor area. In particular, at logistics properties, when eaves are included in the leased area, the leased area may significantly exceed the gross floor area. In the cases of each co-owned real estate or quasi co-owned trust beneficiary interests, the leased area of the entire real estate multiplied by the ratio of co-ownership of the real estate or quasi co-ownership of the trust beneficiary interests in real estate held by DHR is provided.
 4. "Occupancy rate" represents occupancy rate (the percentage of leased area to the leasable area) of each property as of February 29, 2020, which is rounded to the first decimal place.
 5. "Rate to total real estate rental revenues" is the rental revenues from each real estate or each real estate in trust expressed as a percentage of the total rental revenues from the entire portfolio, rounded to the first decimal place.
 6. Undisclosed as consent for disclosure has not been obtained from the lessee.

(3) Description of Portfolio

The overview of portfolio assets held by DHR as of February 29, 2020 (real estate and real estate in trust, etc.) is as follows:

Asset class	Property name	Location (Note 1)	Form of ownership	Leasable area (m ²) (Note 2)	Assessed value at the end of period (Yen in millions) (Note 3)	Book value (Yen in millions) (Note 4)
Logistics properties	D Project Machida	2-1-6, Oyamagaoka, Machida City, Tokyo	Real estate in trust	50,490.39	9,870	9,164
	D Project Hachioji	3-21-1, Minami-Osawa, Hachioji City, Tokyo	Real estate in trust	62,394.17	17,000	15,090
	D Project Aikawa-Machi	4020-12, Aza Sakuradai, Nakatsu, Aikawa-machi, Aiko District, Kanagawa	Real estate in trust	14,240.84	4,470	3,745
	D Project Urayasu I	12-1, Chidori, Urayasu City, Chiba	Real estate in trust	36,515.81	9,910	9,093
	D Project Urayasu II	11-5, Chidori, Urayasu City, Chiba	Real estate in trust	72,320.01	27,900	25,436
	D Project Akanehama	3-2-8, Akanehama, Narashino City, Chiba	Real estate in trust	11,663.39	3,100	2,862
	D Project Noda	1-1, Aza Tamei, Futatsuka, Noda City, Chiba	Real estate in trust	29,232.53	6,550	6,007
	D Project Inuyama	5-5, Aza Takanobara, Inuyama City, Aichi	Real estate in trust	54,197.80	11,750	10,390
	D Project Neyagawa	2-24-12, Shimeno, Neyagawa City, Osaka	Real estate in trust	11,151.51	6,320	5,810
	D Project Morioka	3-18, Ogama-kazabayashi, Takizawa City, Iwate	Real estate in trust	9,558.32	1,210	1,167
	D Project Tsuchiura	20-29, Aza Harayama, Hongo, Tsuchiura City, Ibaraki	Real estate in trust	17,448.86	3,550	3,216
	D Project Fukuoka Umi	384-15, Aza Noguchi, Oaza Ino, Umi-machi, Kasuya District, Fukuoka	Real estate in trust	24,729.56	4,580	4,106
	D Project Tosa	1624, Aza Hasuhara, Himekata-machi, Tosa City, Saga	Real estate in trust	17,858.01	6,170	5,423
	D Project Kuki I	6004-2, Aza Taikoda, Shobu-cho Shobu, Kuki City, Saitama	Real estate in trust	22,708.72	4,220	3,764
	D Project Kuki II	6201-1, Aza Kazarimen, Shobu-cho Sanga, Kuki City, Saitama	Real estate in trust	50,490.00	8,820	7,726
	D Project Kawagoe I	3-2-3, Yoshinodai, Kawagoe City, Saitama	Real estate in trust	16,150.88	3,870	3,417
	D Project Kawagoe II	3-2-4, Yoshinodai, Kawagoe City, Saitama	Real estate in trust	19,872.00	5,390	4,711
	DPL Inuyama	1-8, Aza Nakahiratsuka, Oaza Haguroshinden, Inuyama City, Aichi	Real estate in trust	21,628.50	4,240	3,786

I. Asset Management Report

Asset class	Property name	Location (Note 1)	Form of ownership	Leasable area (m ²) (Note 2)	Assessed value at the end of period (Yen in millions) (Note 3)	Book value (Yen in millions) (Note 4)
D Project Fukuoka Hakozaki	5-2-1, Hakozakifuto, Higashi Ward, Fukuoka City, Fukuoka	Real estate in trust	34,710.80	4,610	4,174	
D Project Kuki III	6004-1, Aza Taikoda, Shobu-cho Shobu, Kuki City, Saitama	Real estate in trust	26,937.41	8,430	7,315	
D Project Kuki IV	6201-5, Aza Kazarimen, Shobu-cho Sanga, Kuki City, Saitama	Real estate in trust	26,460.00	6,080	5,302	
D Project Kuki V	6201-6, Aza Kazarimen, Shobu-cho Sanga, Kuki City, Saitama	Real estate in trust	47,320.89	9,010	7,987	
D Project Kuki VI	48-3, Kiyoku-cho, Kuki City, Saitama	Real estate in trust	29,244.66	5,590	4,930	
D Project Yashio	50-1, Oaza Shin-machi, Yashio City, Saitama	Real estate in trust	21,965.04	6,740	6,189	
D Project Nishiyodogawa	2-7-48, Nakashima, Nishiyodogawa Ward, Osaka City, Osaka	Real estate in trust	39,584.80	10,900	9,874	
D Project Matsudo	700-3, Aza Nishinooda, Kamihongo, Matsudo City, Chiba	Real estate in trust	26,776.67	7,740	7,157	
D Project Hibiki Nada	3-1-5, Hibiki-machi, Wakamatsu Ward, Kitakyushu City, Fukuoka	Real estate in trust	23,933.75	2,170	1,966	
D Project Morioka II	3-15, Ogama-kazabayashi, Takizawa City, Iwate	Real estate in trust	4,481.00	1,330	1,232	
D Project Kawagoe III	2-8-55, Yoshinodai, Kawagoe City, Saitama	Real estate in trust	39,572.32	7,860	6,997	
D Project Kazo	2-16-1, Okuwa, Kako City, Saitama	Real estate in trust	18,371.10	3,460	3,205	
D Project Urayasu III	12-1, Chidori, Urayasu City, Chiba	Real estate in trust	39,441.32	9,740	8,423	
D Project Tomisato	7-2, Misawa, Tomisato City, Chiba	Real estate in trust	36,113.25	5,300	4,824	
D Project Kyotanabe	3-50-1, Kannabidai, Kyotanabe City, Kyoto	Real estate in trust	10,965.68	3,780	3,450	
D Project Sendai Izumi	2-9-1, Akedor, Izumi Ward, Sendai City, Miyagi	Real estate in trust	10,764.05	1,590	1,461	
D Project Oyama	2333-34, Aza Atago, Oaza Hari, Oyama City, Tochigi	Real estate in trust	14,106.91	2,050	1,937	
D Project Sano	570-9, Nishiura-cho, Sano City, Tochigi	Real estate in trust	15,668.44	1,820	1,713	
D Project Tatebayashi	110-8, Aza Uchiya, Shimosagawada-cho, Tatebayashi City, Gunma	Real estate in trust	13,521.56	3,220	2,995	
D Project Kakegawa	653-14, Aza Oyabu, Sakagawa, Kakegawa City, Shizuoka	Real estate in trust	39,341.44	6,140	5,851	
D Project Hiroshima Seifu	2-2-1, Tomonishi, Asaminami Ward, Hiroshima City, Hiroshima	Real estate in trust	19,004.72	4,040	3,714	
D Project Tosu II	1621, Aza Hasuhara, Himekata-machi, Tosu City, Saga	Real estate in trust	13,012.50	1,910	1,638	
D Project Kawagoe IV	3-2-1, Yoshinodai, Kawagoe City, Saitama	Real estate in trust	24,684.47	5,920	5,535	
D Project Kuki VII	6004-3, Aza Taikoda, Shobu-cho Shobu, Kuki City, Saitama	Real estate in trust	3,225.46	1,140	1,032	
D Project Chibakita	461-1, Naganumacho, Inage Ward, Chiba City, Chiba	Real estate in trust	24,368.86	8,270	7,547	
D Project Matsudo II	700-1, Aza Nishinooda, Kamihongo, Matsudo City, Chiba	Real estate in trust	25,305.82	8,490	8,096	
D Project Tomisato II	1-6, Misawa, Tomisato City, Chiba	Real estate in trust	40,870.56	7,100	6,769	
D Project Osaka Hirabayashi	2-6-15, Hirabayashikita, Suminoe Ward, Osaka City, Osaka	Real estate in trust	22,485.08	4,280	3,639	
D Project Sendai Izumi II	3-1-1, Akedor, Izumi Ward, Sendai City, Miyagi	Real estate in trust	39,580.46	7,520	7,130	
D Project Kaminokawa	2568-1, Aza Minamihara, Oaza Tako, Kaminokawamachi, Kawachi District, Tochigi	Real estate in trust	52,239.75	8,050	7,753	
D Project Fuji	2261-6, Aza Shiroyama, Obuchi, Fuji City, Shizuoka	Real estate in trust	23,795.40	3,640	3,526	
D Project Tosu III	3-1-3, Yayoigaoka, Tosu City, Saga	Real estate in trust	65,215.07	9,460	9,006	
D Project Kitahachioji I	2969-2, Ishikawamachi, Hachioji City, Tokyo	Real estate in trust	16,523.82	4,460	4,295	
D Project Kitahachioji II	2969-18, Ishikawamachi, Hachioji City, Tokyo	Real estate in trust	21,402.20	5,900	5,703	
D Project Kitahachioji III	2969-19, Ishikawamachi, Hachioji City, Tokyo	Real estate in trust	26,275.05	7,610	7,302	
D Project Itabashi Shingashi	1-2-2, Shingashi, Itabashi Ward, Tokyo	Real estate in trust	33,763.46	12,400	12,302	
D Project Sagamihara	1-2-31, Miyashimo, Chuo Ward, Sagamihara City, Kanagawa	Real estate in trust	16,599.30	3,990	3,893	
D Project Kuki VIII	49-3, Kiyokuchi, Kuki City, Saitama	Real estate in trust	29,410.54	6,250	6,078	
D Project Yokkaichi	1947-14, Nakamura-cho, Yokkaichi City, Mie	Real estate in trust	6,185.46	1,500	1,491	
D Project Ibaraki Ishioka	6-4, Kashiwabara, Ishioka City, Ibaraki	Real estate in trust	24,493.54	4,120	4,038	
DPL Misato	1-3-5, Inter-Minami, Misato City, Saitama	Real estate in trust	55,864.47	18,000	16,575	
DPL Fukuoka Kasuya	642-1, Aza Sanjyuoku, Oaza Uchihashi, Kasuyamachi, Kasuya District, Fukuoka	Real estate in trust	73,750.55	13,700	13,204	
DPL Kitakyushu	5-14, Sonekitamachi, Kokuraminami Ward, Kitakyushu City, Fukuoka	Real estate in trust	26,672.98	3,570	3,445	
	Logistics properties – Subtotal		1,746,661.91	397,800	365,635	
Qiz Ebisu	4-3-1, Ebisu, Shibuya Ward, Tokyo	Real estate in trust	5,230.39	9,370	7,425	
Castalia Azabujuban	2-7-5, Azabujuban, Minato Ward, Tokyo	Real estate in trust	3,492.93	4,510	4,130	
Shichimenzaka						
Castalia Shibakoen	3-32-10, Shiba, Minato Ward, Tokyo	Real estate in trust	2,707.51	2,440	2,395	
Castalia Ginza	1-14-13, Ginza, Chuo Ward, Tokyo	Real estate in trust	2,226.42	2,340	2,311	
Castalia Hiroo	3-13-3, Nishi Azabu, Minato Ward, Tokyo	Real estate in trust	1,621.59	2,000	2,048	
Castalia Nihonbashi	11-2, Nihonbashi Kabuto-cho, Chuo Ward, Tokyo	Real estate in trust	1,458.73	1,210	1,078	

Logistics properties

Residential properties

Asset class	Property name	Location (Note 1)	Form of ownership	Leasable area (m ²) (Note 2)	Assessed value at the end of period (Yen in millions) (Note 3)	Book value (Yen in millions) (Note 4)
Castalia Hacobori	3-27-5, Hacobori, Chuo Ward, Tokyo	Real estate in trust	2,969.57	2,360	2,051	
Castalia Azabujuban	2-10-1, Azabujuban, Minato Ward, Tokyo	Real estate in trust	2,400.00	2,790	2,740	
Castalia Azabujuban II	2-21-2, Azabujuban, Minato Ward, Tokyo	Real estate in trust	2,094.58	2,670	2,505	
Castalia Shinjuku Natsumeza	10-1, Kikui-cho, Shinjuku Ward, Tokyo	Real estate in trust	1,917.62	1,660	1,739	
Castalia Ginza II	1-23-4, Ginza, Chuo Ward, Tokyo	Real estate in trust	1,817.56	1,790	1,638	
Castalia Shibuya Sakuragaoka	29-21, Sakuragaoka-cho, Shibuya Ward, Tokyo	Real estate in trust	1,123.80	1,200	1,323	
Castalia Nishi Azabu Kasumicho	1-3-12, Nishi Azabu, Minato Ward, Tokyo	Real estate in trust	2,779.77	2,530	2,327	
Castalia Ochanomizu	3-24-1, Kanda-Ogawamachi, Chiyoda Ward, Tokyo	Real estate in trust	2,559.21	2,380	1,675	
Castalia Sangubashi	4-52-12, Yoyogi, Shibuya Ward, Tokyo	Real estate in trust	1,898.47	1,620	1,469	
Castalia Suitengu	2-8-13, Nihonbashi Kakigaracho, Chuo Ward, Tokyo	Real estate in trust	1,940.94	1,590	1,202	
Castalia Suitengu II	1-38-16, Nihonbashi Kakigaracho, Chuo Ward, Tokyo	Real estate in trust	1,858.34	1,410	1,082	
Castalia Shintomich	3-10-10, Irifune, Chuo Ward, Tokyo	Real estate in trust	1,444.52	1,150	893	
Castalia Shintomich II	2-6-4, Irifune, Chuo Ward, Tokyo	Real estate in trust	1,244.54	1,010	805	
Castalia Harajuku	3-5-3, Sendagaya, Shibuya Ward, Tokyo	Real estate in trust	1,225.26	1,010	850	
Castalia Yoyogi Uehara	1-17-16, Uehara, Shibuya Ward, Tokyo	Real estate in trust	811.95	772	647	
Castalia Sendagaya	2-9-10, Sendagaya, Shibuya Ward, Tokyo	Real estate in trust	803.03	683	549	
Castalia Shinjuku 7 chome	7-17-16, Shinjuku, Shinjuku Ward, Tokyo	Real estate in trust	957.60	567	434	
Castalia Ningyocho	7-15, Nihonbashi Tomisawacho, Chuo Ward, Tokyo	Real estate in trust	1,747.90	1,400	880	
Castalia Ningyocho II	8-12, Nihonbashi Tomisawacho, Chuo Ward, Tokyo	Real estate in trust	1,826.80	1,500	975	
Castalia Shin-Ochanomizu	2-3-3, Kanda Awaji-cho, Chiyoda Ward, Tokyo	Real estate in trust	1,308.38	1,140	840	
Castalia Higashi Nihonbashi II	12-11, Nihonbashi Tomisawacho, Chuo Ward, Tokyo	Real estate in trust	2,117.46	1,820	1,230	
Castalia Jinbocho	2-40-8, Kanda-Jinbocho, Chiyoda Ward, Tokyo	Real estate in trust	1,628.80	1,580	1,064	
Castalia Shintomich III	2-8-8, Irifune, Chuo Ward, Tokyo	Real estate in trust	972.51	815	601	
Castalia Shinjuku Gyoen	2-14-4, Shinjuku, Shinjuku Ward, Tokyo	Real estate in trust	3,594.16	3,400	2,568	
Castalia Takanawadai	3-4-12, Takanawa, Minato Ward, Tokyo	Real estate in trust	1,147.44	1,110	806	
Castalia Higashi Nihonbashi III	3-5-6, Higashi-Nihonbashi, Chuo Ward, Tokyo	Real estate in trust	1,105.20	870	597	
Castalia Shinjuku Gyoen II	1-29-15, Shinjuku, Shinjuku Ward, Tokyo	Real estate in trust	668.79	564	464	
Castalia Shintomich IV	3-10-8, Irifune, Chuo Ward, Tokyo	Real estate in trust	681.00	534	388	
Castalia Takanawadai II	3-5-6, Takanawa, Minato Ward, Tokyo	Real estate in trust	1,567.84	1,460	1,140	
Castalia Minami Azabu	2-2-27, Minami Azabu, Minato Ward, Tokyo	Real estate in trust	882.67	787	609	

I. Asset Management Report

Asset class	Property name	Location (Note 1)	Form of ownership	Leasable area (m ²) (Note 2)	Assessed value at the end of period (Yen in millions) (Note 3)	Book value (Yen in millions) (Note 4)
Residential properties	Castalia Kita Ueno	1-15-5, Kita-Ueno, Taito Ward, Tokyo	Real estate in trust	4,197.66	2,990	2,355
	Castalia Morishita II	2-12-11, Shin-Ohashi, Koto Ward, Tokyo	Real estate	1,275.60	870	602
	Castalia Minowa	5-24-4, Negishi, Taito Ward, Tokyo	Real estate	2,406.41	1,630	1,272
	Castalia Oyamadai	7-14-13, Todoroki, Setagaya Ward, Tokyo	Real estate	857.32	610	511
	Castalia Nakano	2-12-13, Arai, Nakano Ward, Tokyo	Real estate	1,613.86	1,330	990
	Castalia Yoga	1-3-12, Tamagawadai, Setagaya Ward, Tokyo	Real estate	1,472.38	1,170	858
	Castalia Sumiyoshi	2-8-11, Sumiyoshi, Koto Ward, Tokyo	Real estate	1,362.60	1,050	828
	Castalia Monzennakacho II	2-2-9, Tomioka, Koto Ward, Tokyo	Real estate	3,038.98	2,870	1,952
	Castalia Oshiage	3-5-2, Mukoujima, Sumida Ward, Tokyo	Real estate	1,785.24	1,200	967
	Castalia Kuramae	3-9-4, Kuramae, Taito Ward, Tokyo	Real estate	1,994.93	1,540	1,117
	Castalia Nakanobu	4-7-11, Nakanobu, Shinagawa Ward, Tokyo	Real estate in trust	2,421.82	2,450	1,636
	Royal Parks Toyosu	3-5-21, Toyosu, Koto Ward, Tokyo	Real estate in trust	18,112.03	10,000	5,934
	Castalia Togoshi	5-2-1, Togoshi, Shinagawa Ward, Tokyo	Real estate in trust	2,629.59	2,490	1,558
	Castalia Ooimachi	4-2-11, Ooi, Shinagawa Ward, Tokyo	Real estate	1,413.75	1,620	1,131
	Castalia Omori	1-19-20, Omori kita, Ota Ward, Tokyo	Real estate in trust	2,046.36	1,830	1,388
	Castalia Mishuku	1-3-39, Taishidou, Setagaya Ward, Tokyo	Real estate in trust	2,640.86	2,370	1,805
	Castalia Arakawa	2-3-1, Arakawa, Arakawa Ward, Tokyo	Real estate in trust	3,797.92	2,280	1,550
	Castalia Omori II	1-8-13, Omori kita, Ota Ward, Tokyo	Real estate in trust	2,818.70	3,080	2,232
	Castalia Nakameguro	1-18-7, Aobadai, Meguro Ward, Tokyo	Real estate in trust	3,166.71	4,810	3,763
	Castalia Meguro Chojyamaru	2-8-1, Kamiosaki, Shinagawa Ward, Tokyo	Real estate in trust	2,123.77	2,510	1,980
	Castalia Meguro Takaban	1-6-19, Takaban, Meguro Ward, Tokyo	Real estate in trust	1,961.52	1,950	1,735
	Castalia Omori III	5-21-11, Minami-ooi, Shinagawa Ward, Tokyo	Real estate in trust	2,004.80	1,820	1,449
	Castalia Meguro Tairamachi	1-23-8, Tairamachi, Meguro Ward, Tokyo	Real estate in trust	1,278.52	1,400	1,191
	Royal Parks SEASIR	1-16-2, Nishiarai Sakae-cho, Adachi Ward, Tokyo	Real estate in trust	17,269.74	5,070	3,938
	Castalia Honkomagome	6-21-2, Honkomagome, Bunkyo Ward, Tokyo	Real estate in trust	2,224.41	1,880	1,497
	Cosmo Heim Musashikosugi	2-8, Kizuki Ise-cho, Nakahara Ward, Kawasaki City, Kanagawa	Real estate in trust	4,208.83	2,060	1,653
	Castalia Tsurumi	3-5-10, Tsurumi Chuo, Tsurumi Ward, Yokohama City, Kanagawa	Real estate in trust	1,452.09	771	578
	Castalia Funabashi	4-4-8, Honcho, Funabashi City, Chiba	Real estate in trust	1,552.01	812	682
	Castalia Nishi Funabashi	4-19-16, Nishi Funa, Funabashi City, Chiba	Real estate in trust	1,597.32	998	732
	Castalia Nogeyama	1-8-1, Hinodecho, Naka Ward, Yokohama City, Kanagawa	Real estate in trust	744.90	329	293
	Castalia Ichikawa	1-24-3, Ichikawa, Ichikawa City, Chiba	Real estate in trust	876.89	561	397
	Royal Parks Hanakoganei	1-8-2, Hanakoganei, Kodaira City, Tokyo	Real estate in trust	18,153.57	6,640	4,753
	Castalia Musashikosugi	2-21, Imaikami-cho, Nakahara Ward, Kawasaki City, Kanagawa	Real estate in trust	2,179.80	1,970	1,621
	Royal Parks Wakabadai	2-1-1, Wakabadai, Inagi City, Tokyo	Real estate in trust	21,367.93	4,850	3,763
	Pacific Royal Court Minatomirai	5-3-3, Minatomirai, Nishi Ward, Yokohama City, Urban Tower	Real estate in trust	26,294.49	11,200	8,098
	L-Place Shinkoyasu	3-298-1, Koyasu-dori, Kanagawa Ward, Yokohama City, Kanagawa	Real estate in trust	3,009.74	2,150	1,666
	Royal Parks Musashikosugi	13-8, Aza Shinjuku-kochi, Nakamaruko, Nakahara Ward, Kawasaki City, Kanagawa	Real estate in trust	3,808.97	1,310	963
	Castalia Sakaisuji Honmachi	1-3-7, Kyutarochō, Chuo Ward, Osaka City, Osaka	Real estate in trust	3,471.39	1,850	1,288
	Castalia Shin-Umeda	6-8-21, Nakatsu, Kita Ward, Osaka City, Osaka	Real estate in trust	3,279.90	1,630	1,189
	Castalia Abeno	2-4-37, Abeno-Suji, Abeno Ward, Osaka City, Osaka	Real estate	10,920.75	5,430	3,965
	Castalia Sakae	4-16-10, Sakae, Naka Ward, Nagoya City, Aichi	Real estate	2,836.00	1,260	894
	Castalia Maruyama Urasando	21-1-47, Minami Nijo Nishi, Chuo Ward, Sapporo City, Hokkaido	Real estate	1,522.89	510	355
	Castalia Maruyama Omotesando	21-2-1, Kita Ichijo Nishi, Chuo Ward, Sapporo City, Hokkaido	Real estate	6,100.31	1,990	1,512
	Castalia Higashi Hie	5-31, Hie-cho, Hakata Ward, Fukuoka City, Fukuoka	Real estate	3,061.60	1,060	824
	Castalia Tower Nagahoribashi	1-15-25, Shimanouchi, Chuo Ward, Osaka City, Osaka	Real estate	8,747.40	4,710	2,887
	Castalia Sannomiya	3-2-31, Isobedori, Chuo Ward, Kobe City, Hyogo	Real estate	3,071.60	1,560	1,047
	Castalia Kotodaikoen	3-10-24, Kokubun-cho, Aoba Ward, Sendai City, Miyagi	Real estate	1,684.10	581	405
	Castalia Ichibancho	1-6-27, 1-6-30, Ichibancho, Aoba Ward, Sendai City, Miyagi	Real estate	2,800.32	966	682
	Castalia Omachi	2-5-8, Omachi, Aoba Ward, Sendai City, Miyagi	Real estate	2,149.08	847	590
	Castalia Uemachidai	4-1-12, Uehonmachi Nishi, Chuo Ward, Osaka City, Osaka	Real estate	5,415.39	2,860	1,994
	Castalia Tower Higobashi	1-2-24, Tosabori, Nishi Ward, Osaka City, Osaka	Real estate	6,230.20	3,580	2,333
	Big Tower Minami Sanjo	2-15-1, Minami Sanjo Higashi, Chuo Ward, Sapporo City, Hokkaido	Real estate in trust	8,661.19	2,750	1,250
	Castalia Fushimi	1-8-49, Nishiki, Naka Ward, Nagoya City, Aichi	Real estate in trust	7,022.69	3,250	1,917
	Castalia Meieki Minami	1-12-22, Meiekiminami, Nakamura Ward, Nagoya City, Aichi	Real estate in trust	1,822.10	982	644

Asset class	Property name	Location (Note 1)	Form of ownership	Leasable area (m ²) (Note 2)	Assessed value at the end of period (Yen in millions) (Note 3)	Book value (Yen in millions) (Note 4)
Residential properties	Castalia Yakuin	2-3-13, Imaizumi, Chuo Ward, Fukuoka City, Fukuoka	Real estate	2,784.83	1,210	868
	Castalia Mibu	79, Mibu Aiai-cho, Nakagyo Ward, Kyoto City, Kyoto	Real estate in trust	2,828.39	1,550	1,078
	Castalia Tsutsujigaoka	4-2-35, Shintera, Wakabayashi Ward, Sendai City, Miyagi	Real estate in trust	4,471.11	1,810	1,151
	Castalia Ohori Bay Tower	1-6-6, Minato, Chuo Ward, Fukuoka City, Fukuoka	Real estate in trust	11,089.75	3,740	2,511
	Royal Parks Namba	2-2-40, Minato machi, Naniwa Ward, Osaka City, Osaka	Real estate in trust	10,354.15	3,040	2,457
	Castalia Shigahondori	1-15-2, Wakabayashi, Kita Ward, Nagoya City, Aichi	Real estate in trust	5,086.69	2,160	1,550
	Castalia Kyoto Nishioji	100-1, Shichijo Goshonouchi Minamimachi, Shimogyo Ward, Kyoto City, Kyoto	Real estate	2,035.37	1,070	990
	Castalia Ningyocho III	1-2-3, Nihonbashi Ningyocho, Chuo Ward, Tokyo	Real estate in trust	2,897.06	2,640	1,975
	Royal Parks Umejima	5-25-33, Umeda, Adachi Ward, Tokyo	Real estate in trust	6,828.78	2,250	1,929
	Castalia Shinsakae II	1-29-21, Shinsakae, Naka Ward, Nagoya City, Aichi	Real estate in trust	4,425.46	2,030	1,814
	Residential properties – Subtotal					472,121.87
	ACROSSMALL Shinkamagaya	2-12-1, Shin-Kamagaya, Kamagaya City, Chiba	Real estate in trust	41,742.84	8,670	7,485
	FOLEO Hirakata	1-20-10, Koyamichi, Hirakata City, Osaka	Real estate in trust	16,390.96	4,670	4,446
Retail properties	Qiz GATE URAWA	3720, Aza Fudodani, Oaza Nakao, Midori Ward, Saitama City, Saitama	Real estate in trust	9,720.49	4,460	4,185
	UNICUS Takasaki	1150-5, Aza Nishikanai, Iizuka-machi, Takasaki City, Gunma	Real estate in trust	9,277.08	3,220	2,929
	ACROSSPLAZA Miyoshi (Land)	855-403, Aza Kitashinno, Oaza Fujikubo, Miyoshi-machi, Iruma District, Saitama	Real estate in trust	24,018.00	3,970	3,740
	DREAM TOWN ALI	3-1-1, Hamada, Aomori City, Aomori	Real estate in trust	22,196.81	8,760	7,924
	ASOBOX (Land)	2-2-16, Nakatsuguchi, Kokura Kita Ward, Kitakyushu City, Fukuoka	Real estate in trust	11,207.90	1,940	1,617
	FOLEO Ome Imai	3-10-9, Imai, Ome City, Tokyo	Real estate in trust	8,637.91	3,940	3,737
	FOLEO Otsu Ichiryiyama	7-1-1, Ichiryiyama, Otsu City, Shiga	Real estate in trust	62,917.73	8,760	8,010
	FOLEO Hakata	1-14-46, Higashinaka, Hakata Ward, Fukuoka City, Fukuoka	Real estate in trust	23,230.77 (Note 5)	3,700	3,155
	ACROSSMALL Semboku (Land)	5-456-67, Harayamadai, Minami Ward, Sakai City, Osaka	Real estate in trust	30,824.72	3,880	3,383
	iias Tsukuba	5-19, Kenyugakuen, Tsukuba City, Ibaraki	Real estate in trust	41,670.12	10,290	10,316
	LIFE Sagam					

I. Asset Management Report

Asset class	Property name	Location (Note 1)	Form of ownership	Leasable area (m ²) (Note 2)	Assessed value at the end of period (Yen in millions) (Note 3)	Book value (Yen in millions) (Note 4)
Other assets	Urban Living Inage	327-1, Sanno-cho, Inage Ward, Chiba City, Chiba	Real estate in trust	4,177.52	1,280	825
	Aburabuto Marina HILLS	1523-1, Aza Shirasu, Misaki-machi Moroiso, Miura City, Kanagawa	Real estate in trust	3,901.14	1,230	1,054
	Naha Shin-Toshin Center Building (Daiwa Roynet Hotel Naha-Omoromachi)	1-1-12, Omoromachi, Naha City, Okinawa	Real estate in trust	13,480.00	8,240	7,279
	Sharp Hiroshima Building	2-13-4, Nishihara, Asaminami Ward, Hiroshima City, Hiroshima	Real estate in trust	3,064.89	1,950	1,822
	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	1,370	1,389
	Other – Subtotal			25,969.15	14,070	12,370
	Total			2,734,252.54	830,171	716,210

- (Notes)
1. "Location" means displayed address of each real estate or each real estate in trust. If a property does not have a displayed address, the address of the building in the register (when there is more than one address, any of them) is shown. For land properties, the address of the land in the register is shown as location.
 2. "Leasable area" means the leasable area of the building (or land in the case of land properties) in relation to each real estate or each real estate in trust which DHR believes is leasable as indicated in the relevant lease agreement or drawing of the building in relation to each real estate or each real estate in trust as of February 29, 2020. In the cases of each co-owned real estate or quasi co-owned trust beneficiary interests, the leasable area of the entire real estate multiplied by the ratio of co-ownership of the real estate or quasi co-ownership of the trust beneficiary interests in real estate held by DHR is provided.
 3. "Assessed value at the end of period" is the appraisal value as of February 29, 2020 provided by real estate appraisers (Daiwa Real Estate Appraisal Co., Ltd., Chuo Real Estate Appraisal Co., Ltd., The Tanizawa Sogō Appraisal Co., Ltd., Japan Real Estate Institute and JLL Morii Valuation & Advisory K.K.) in accordance with the Articles of Incorporation of DHR as well as "Regulations on Accounting of Investment Corporations." The amounts are rounded down to the nearest million yen. There is no special interest between DHR and each real estate appraiser.
 4. "Book value" is the amount recorded on the balance sheets as of February 29, 2020 (in the case of real estate and real estate in trust, "Book value" is the acquisition price (including expenses associated with the acquisition) less accumulated depreciation), which is rounded down to the nearest million yen.
 5. Separately from the building of this property, a part of the land of this property is leased to the lessee for the purpose of subleasing to Fukuoka Prefecture and other third parties as land for a police station, etc. Therefore, the area of such leased land is not included in the leasable area.

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

Asset class	Property name	27th period (From March 1, 2019 to August 31, 2019)			28th period (From September 1, 2019 to February 29, 2020)		
		Occupancy rate (as of the end of period) (%) (Note 1)	Rental revenues (Yen in thousands)	Rate to total real estate rental revenues (%) (Note 2)	Occupancy rate (as of the end of period) (%) (Note 1)	Rental revenues (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 Shin-Misato (Note 4)		–	(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 Gifu (Note 5)		100.0	(Note 3)	(Note 3)	–	(Note 3)	(Note 3)
D Project Neyagawa		100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
D Project Sapporo Minami (Note 5)		100.0	(Note 3)	(Note 3)	–	(Note 3)	(Note 3)
D Project Morioka		100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
D Project Sendai Minami (Note 5)		100.0	(Note 3)	(Note 3)	–	(Note 3)	(Note 3)
D Project Tsuchiura		100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
D Project Gotenba (Note 5)		100.0	(Note 3)	(Note 3)	–	(Note 3)	(Note 3)
D Project Nishi-Hiroshima (Note 5)		100.0	(Note 3)	(Note 3)	–	(Note 3)	(Note 3)
D Project Fukuoka Umi		100.0	129,028	0.5	100.0	129,284	0.5
D Project Tosu		100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
D Project Kuki I		100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
D Project Kuki II		100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
D Project Kawagoe I		100.0	102,938	0.4	100.0	102,933	0.4
D Project Kawagoe II		100.0	142,536	0.6	100.0	142,536	0.6
DPL Inuyama		100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
D Project Fukuoka Hakozaki		100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
D Project Kuki III		100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
D Project Kuki IV		100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
D Project Kuki V		100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
D Project Kuki VI		100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
D Project Yashio		100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
D Project Nishiyodogawa		100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
D Project Matsudo		100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
D Project Hibiki Nada		100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
D Project Morioka II		100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
D Project Kawagoe III		100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
D Project Kazo		100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
D Project Urayasu III		100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
D Project Tomisato		100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
D Project Kyotanabe		100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
D Project Sendai Izumi		100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
D Project Oyama		100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
D Project Sande		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	0.7	100.0	161,515	0.7
D Project Kuki VII		100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
D Project Chibakita		100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
D Project Matsudo II		100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
D Project Tomisato II		100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
D Project Osaka Hirabayashi		100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
D Project Sendai Izumi II		100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
D Project Kaminokawa		100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)

Logistics properties

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Asset class	Property name	27th period (From March 1, 2019 to August 31, 2019)			28th period (From September 1, 2019 to February 29, 2020)		
		Occupancy rate (as of the end of period) (%) (Note 1)	Rental revenues (during the period) (Yen in thousands)	Rate to total real estate rental revenues (%) (Note 2)	Occupancy rate (as of the end of period) (%) (Note 1)	Rental revenues (during the period) (Yen in thousands)	Rate to total real estate rental revenues (%) (Note 2)
Logistics properties	D Project Fuji	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Tosu III	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Kitahachioji I	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Kitahachioji II	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Kitahachioji III	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Itabashi Shingashi	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Sagamihara	100.0	80,548	0.3	100.0	102,828	0.4
	D Project Kuki VIII	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Yokkaichi	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	D Project Ibaraki Ishioka	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	DPL Misato	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	DPL Fukuoka Kasuya	99.6	(Note 3)	(Note 3)	99.6	(Note 3)	(Note 3)
	DPL Kitakyushu	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	Logistics properties – Subtotal	100.0	11,021,257	44.6	100.0	10,804,776	43.7
	Qiz Ebisu	96.4	235,051	1.0	98.7	238,818	1.0
	Castalia Azabujuban Shichimenzaka	98.6	123,474	0.5	98.4	123,828	0.5
	Castalia Shibakoen	97.5	72,130	0.3	94.6	73,213	0.3
	Castalia Ginza	95.1	69,062	0.3	97.5	70,480	0.3
	Castalia Hiroo	93.5	53,415	0.2	97.6	52,550	0.2
	Castalia Nihonbashi	96.6	38,905	0.2	96.7	38,917	0.2
	Castalia Hacchobori	98.4	67,758	0.3	94.4	65,950	0.3
	Castalia Azabujuban	98.5	75,192	0.3	100.0	75,074	0.3
	Castalia Azabujuban II	98.6	69,064	0.3	97.1	67,707	0.3
	Castalia Shinjuku Natsumezaka	98.5	46,145	0.2	100.0	47,792	0.2
	Castalia Ginza II	100.0	51,675	0.2	95.9	52,133	0.2
	Castalia Shibuya Sakuragaoka	90.1	35,457	0.1	100.0	36,601	0.1
	Castalia Nishi Azabu Kasumicho	94.8	72,810	0.3	100.0	69,737	0.3
	Castalia Ochanomizu	97.1	60,724	0.2	97.8	61,412	0.2
	Castalia Sangubashi	95.9	45,701	0.2	93.0	45,585	0.2
	Castalia Suitengu	100.0	45,651	0.2	98.6	46,684	0.2
	Castalia Suitengu II	100.0	42,322	0.2	100.0	41,076	0.2
	Castalia Shintomicho	98.0	33,922	0.1	100.0	34,092	0.1
	Castalia Shintomicho II	94.4	29,309	0.1	100.0	29,311	0.1
	Castalia Harajuku	100.0	27,216	0.1	95.1	26,731	0.1
	Castalia Yoyogi Uehara	100.0	22,647	0.1	100.0	22,742	0.1
	Castalia Sendagaya	100.0	20,084	0.1	100.0	20,788	0.1
	Castalia Shinjuku 7 chome	94.6	19,337	0.1	94.8	18,567	0.1
	Castalia Ningyocho	100.0	38,670	0.2	100.0	38,852	0.2
	Castalia Ningyocho II	100.0	41,333	0.2	100.0	41,172	0.2
	Castalia Shin-Ochanomizu	100.0	32,935	0.1	100.0	33,044	0.1
	Castalia Higashi Nihonbashi II	98.8	51,001	0.2	98.3	52,418	0.2
	Castalia Jinbocho	98.4	42,928	0.2	100.0	43,479	0.2
	Castalia Shintomicho III	100.0	24,893	0.1	100.0	24,619	0.1
	Castalia Shinjuku Gyoen	100.0	83,827	0.3	100.0	83,892	0.3
	Castalia Takanawadai	100.0	30,847	0.1	97.3	30,565	0.1
	Castalia Higashi Nihonbashi III	100.0	24,352	0.1	100.0	24,336	0.1
	Castalia Shinjuku Gyoen II	100.0	16,554	0.1	100.0	16,171	0.1
	Castalia Shintomicho IV	100.0	16,137	0.1	100.0	16,260	0.1
	Castalia Takanawadai II	100.0	40,282	0.2	100.0	39,154	0.2
	Castalia Minami Azabu	95.8	20,455	0.1	100.0	22,499	0.1
	Castalia Ginza III	98.8	86,566	0.4	96.6	88,028	0.4
	Castalia Kayabacho	100.0	98,193	0.4	98.7	100,123	0.4
	Castalia Takanawa	98.5	253,869	1.0	99.5	259,194	1.0
	Castalia Higashi Nihonbashi	100.0	142,978	0.6	99.4	141,291	0.6
	Castalia Shinjuku	100.0	92,554	0.4	100.0	92,554	0.4

Asset class	Property name	27th period (From March 1, 2019 to August 31, 2019)			28th period (From September 1, 2019 to February 29, 2020)		
		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 Ichigaya	96.5	41,111	0.2	96.4	41,260	0.2
	Shibaura Island Bloom Tower	97.5	397,688	1.6	98.0	397,991	1.6
	Castalia Hatsudai	97.5	71,707	0.3	97.1	70,567	0.3
	Castalia Hatsudai II	100.0	61,032	0.2	96.3	61,990	0.3
	Castalia Ebisu	97.5	44,540	0.2	97.5	43,501	0.2
	Castalia Meguro Kamurozaka	95.9	133,732	0.5	99.4	134,024	0.5
	Castalia Toritsudaigaku	92.8	20,646	0.1	90.8	19,822	0.1
	Castalia Yukigaya	100.0	35,926	0.1	100.0	36,348	0.1
	Castalia Yutenji	89.5	36,605	0.1	97.4	33,336	0.1
	Castalia Otsuka	98.7	47,718	0.2	98.7	48,265	0.2
	Castalia Kikukawa	98.0	31,611	0.1	100.0	27,787	0.1
	Castalia Meguro	95.8	32,001	0.1	100.0	33,366	0.1
	Castalia Otsuka II	98.3	37,585	0.2	95.9	38,155	0.2
	Castalia Jiyugaoka	97.7	39,530	0.2	100.0	40,238	0.2
	Castalia Mejiro	100.0	34,770	0.1	93.9	33,812	0.1
	Castalia Ikebukuro	98.3	87,855	0.4	97.6	88,338	0.4
	Castalia Kaname-cho	98.6	40,013	0.2	98.6	40,783	0.2
	Castalia Tower Shinagawa Seaside	98.9	280,796	1.1	96.2	281,730	1.1
	Castalia Yakumo	100.0	25,095	0.1	100.0	26,667	0.1
	Castalia Togoshi-kimae	100.0	51,485	0.2	100.0	52,063	0.2
	Castalia Honjo Azumabashi	96.5	38,484	0.2	96.8	38,826	0.2
	Castalia Kitazawa	100.0	26,457	0.1	100.0		

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Asset class	Property name	27th period (From March 1, 2019 to August 31, 2019)			28th period (From September 1, 2019 to February 29, 2020)		
		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 Funabashi	98.9	30,876	0.1	98.9	30,932	0.1
	Castalia Nishi Funabashi	96.3	34,033	0.1	100.0	34,349	0.1
	Castalia Nogeyama	100.0	14,667	0.1	100.0	14,094	0.1
	Castalia Ichikawa	100.0	19,698	0.1	100.0	19,681	0.1
	Royal Parks Hanakoganei	100.0	246,583	1.0	100.0	246,630	1.0
	Castalia Musashikosugi	94.1	57,134	0.2	100.0	54,765	0.2
	Royal Parks Wakabadai	100.0	275,594	1.1	100.0	256,280	1.0
	Pacific Royal Court Minatomirai Urban Tower	100.0	520,105	2.1	100.0	521,100	2.1
	L-Place Shinkoyasu	100.0	56,964	0.2	100.0	57,063	0.2
	Royal Parks Musashikosugi	100.0	68,136	0.3	100.0	68,102	0.3
	Castalia Sakaisuji Honmachi	95.8	61,418	0.2	96.1	62,292	0.3
	Castalia Shin-Umeda	97.2	55,197	0.2	97.5	56,435	0.2
	Castalia Abeno	97.5	176,916	0.7	98.9	181,537	0.7
	Castalia Sakae	100.0	46,126	0.2	93.7	44,505	0.2
	Castalia Maruyama Urasando	97.7	19,522	0.1	87.5	19,540	0.1
	Castalia Maruyama Omotesando	84.4	71,781	0.3	93.2	70,730	0.3
	Castalia Higashi Hie	96.8	43,938	0.2	99.2	43,528	0.2
	Castalia Tower Nagahoribashi	96.0	159,778	0.6	100.0	161,159	0.7
	Castalia Sannomiya	94.7	53,073	0.2	99.0	52,960	0.2
	Castalia Kotodaikoen	100.0	24,838	0.1	98.3	24,871	0.1
	Castalia Ichibancho	96.8	38,628	0.2	98.4	39,480	0.2
	Castalia Omachi	97.2	33,584	0.1	95.8	32,648	0.1
	Castalia Uemachidai	91.5	87,408	0.4	94.0	89,231	0.4
	Castalia Tower Higobashi	96.8	132,824	0.5	98.7	132,411	0.5
	Big Tower Minami Sanjo	90.3	110,352	0.4	89.9	105,449	0.4
	Castalia Fushimi	87.0	101,530	0.4	96.3	100,400	0.4
	Castalia Meieki Minami	95.8	31,674	0.1	98.6	32,425	0.1
	Castalia Yakuin	100.0	42,553	0.2	99.2	42,583	0.2
	Castalia Mibu	98.8	53,195	0.2	100.0	50,263	0.2
	Castalia Tsutsujigaoka	98.7	61,437	0.2	94.0	58,305	0.2
	Castalia Ohori Bay Tower	48.9	145,532	0.6	47.3	146,444	0.6
	Royal Parks Namba	100.0	137,878	0.6	100.0	138,155	0.6
	Castalia Shigahondori	90.3	71,412	0.3	99.2	73,036	0.3
	Castalia Kyoto Nishioji	98.8	34,885	0.1	98.7	34,419	0.1
	Castalia Ningyocho III	100.0	70,360	0.3	100.0	70,663	0.3
	Royal Parks Umejima	100.0	103,407	0.4	100.0	103,307	0.4
	Castalia Shinsakae II	100.0	61,301	0.2	100.0	60,541	0.2
	Residential properties – Subtotal	96.7	9,549,910	38.6	97.3	9,554,287	38.7
Retail properties	ACROSSMALL Shinkamagaya	100.0	279,700	1.1	100.0	281,172	1.1
	FOLEO Hirakata	92.8	264,820	1.1	93.4	274,849	1.1
	QiZ GATE URAWA	99.7	223,331	0.9	99.7	212,979	0.9
	UNICUS Takasaki	100.0	129,870	0.5	100.0	129,870	0.5
	ACROSSPLAZA Miyoshi (Land)	100.0	94,284	0.4	100.0	94,284	0.4
	DREAM TOWN ALi	100.0	394,677	1.6	100.0	396,903	1.6
	ASOBOX (Land)	100.0	47,076	0.2	100.0	47,076	0.2
	FOLEO Ome Imai	100.0	128,820	0.5	100.0	129,222	0.5
	FOLEO Otsu Ichiriyama	100.0	323,066	1.3	100.0	322,620	1.3
	FOLEO Hakata	100.0	126,216	0.5	100.0	127,096	0.5
	ACROSSMALL Semboku (Land)	100.0	90,606	0.4	100.0	90,606	0.4
	iias Tsukuba	100.0	261,583	1.1	100.0	323,333	1.3
	LIFE Sagamihara Wakamatsu	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	FOLEO Sendai Miyanomori	100.0	238,682	1.0	100.0	239,008	1.0
	ACROSSPLAZA Inazawa (Land)	100.0	69,660	0.3	100.0	69,660	0.3
	Sports Depo and GOLF5 Kokurahigashi IC Store	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)

Asset class	Property name	27th period (From March 1, 2019 to August 31, 2019)			28th period (From September 1, 2019 to February 29, 2020)		
		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	103,488	0.4	100.0	104,340	0.4
	Aoyama Tailor Bunkyo Sengoku Ekimae Store	100.0	(Note 3)	(Note 3)	100.0	(Note 3)	(Note 3)
	FOLEO Shobu	100.0	127,506	0.5	100.0	157,623	0.6
	Hapias Kaita (Land)	—	—	—	100.0	16,747	0.1
	COMBOX310	100.0	148,800	0.6	100.0	148,800	0.6
	Retail properties – Subtotal	99.7	3,335,242	13.5	99.8	3,453,661	14.0
Hotel properties	Daiwa Roynet Hotel Yokohama Kannai	100.0	155,998	0.6	100.0	154,187	0.6
	Super Hotel JR Nara Station Sanjo Street	100.0	52,210	0.2	100.0	51,629	0.2
	Daiwa Roynet Hotel Nagoya Shinkansenguchi	100.0	102,200	0.4	100.0	126,000	0.5
	AGORA Kanazawa	—	—	—	100.0	(Note 3)	(Note 3)
	Hotel properties – Subtotal	100.0	310,408	1.3	100.0	393,215	1.6
Other assets	Urban Living Image	100.0	39,060	0.2	100.0	43,086	0.2
	Aburatsubo Marina HILLS	100.0	43,749	0.2	100.0	43,749	0.2
	Naha Shin-Toshin Center Building (Daiwa Roynet Hotel Naha-Omoromachi)	100.0	331,818	1.3	100.0	326,020	1.3
	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)
	Other – Subtotal	100.0	506,135	2.0	100.0	506,459	2.0
	Total	99.4	24,722,954	100.0	99.5	24,712,400	100.0

(Notes) 1. "Occupancy rate (as of the end of period)" is the leased area expressed as a percentage of the leasable area of each real estate or each real estate in trust as of August 31, 2019 and February 29, 2020

(7) Status of Other Assets

Real estate and trust beneficiary interests in real estate are all listed in "(3) Description of Portfolio" presented earlier in this report. The following are other specified assets as of February 29, 2020.

Type	Issue name	Total face value	Book value	Accrued interest	Prepaid accrued interest	Fair value	Valuation gain or loss	Remark	(Yen in thousands)
Government bonds	30-year principal-stripped government bonds (Series 27)	10,000	9,394	–	–	9,663	268	Deposited as business security deposit	
	Total	10,000	9,394	–	–	9,663	268		

(8) Holding of Assets by Country and Region

Not applicable.

► 4. Capital Expenditures for Properties Held**(1) Schedule of Capital Expenditures**

The following table shows major scheduled capital expenditures for planned renovation work, etc. for owned properties (real estate, real estate in trust, etc.) as of February 29, 2020. The estimated construction cost includes the portion charged to expenses.

Property name (Location)	Purpose	Scheduled period	Estimated construction cost (Yen in thousands)		
			Total amount	Payment during the period	Total amount paid
D Project Kazo (Kazo City, Saitama)	Construction to expand hazardous materials storage	From July 2020 to October 2020	64,900	–	–
Castalia Shinjuku Natsumeza (Shinjuku Ward, Tokyo)	Large-scale renovations	From November 2019 to March 2020	55,495	16,658	16,658
Castalia Higashi Nihonbashi II (Chuo Ward, Tokyo)	Large-scale renovations	From May 2020 to August 2020	59,829	–	–
Castalia Takanawa (Minato Ward, Tokyo)	Large-scale renovations	From January 2020 to August 2020	297,000	–	–
Castalia Higashi Nihonbashi (Chuo Ward, Tokyo)	Large-scale renovations	From March 2020 to August 2020	129,613	–	–
Castalia Yukigaya (Ota Ward, Tokyo)	Large-scale renovations	From April 2020 to August 2020	51,733	–	–
Castalia Kaname-cho (Toshima Ward, Tokyo)	Large-scale renovations	From April 2020 to August 2020	69,190	–	–
Castalia Ichikawa (Ichikawa City, Chiba)	Large-scale renovations	From November 2019 to March 2020	32,835	–	–
Castalia Shin-Umeda (Osaka City, Osaka)	Large-scale renovations	From March 2020 to August 2020	78,100	–	–

(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 ¥1,412,772 thousand together with ¥1,121,106 thousand in repairs and maintenance expenses and ¥254,194 thousand in restoration costs classified as expenses for the current fiscal period, making a total of ¥2,788,073 thousand in construction work.

Property name (Location)	Purpose	Period	Construction cost (Yen in thousands)
Qiz Ebisu (Shibuya Ward, Tokyo)	Tenant sign renewal	From May 2019 to November 2019	98,983
	Large-scale renovations	From December 2018 to November 2019	178,904
Castalia Nihonbashi (Chuo Ward, Tokyo)	Large-scale renovations	From November 2019 to February 2020	29,526
Castalia Hatsudai (Shibuya Ward, Tokyo)	Large-scale renovations	From September 2019 to February 2020	72,328
Castalia Tower Shinagawa Seaside (Shinagawa Ward, Tokyo)	Large-scale renovations	From August 2019 to February 2020	85,842
Castalia Nakano (Nakano Ward, Tokyo)	Large-scale renovations	From November 2019 to February 2020	34,733
Castalia Uemachidai (Osaka City, Osaka)	Large-scale renovations	From October 2019 to February 2020	60,131
Aburatsubo Marina HILLS (Miura City, Kanagawa)	Rooftop waterproofing construction	From November 2019 to January 2020	15,840

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

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

Operating period	24th period From September 1, 2017 to February 28, 2018	25th period From March 1, 2018 to August 31, 2018	26th period From September 1, 2018 to February 28, 2019	27th period From March 1, 2019 to August 31, 2019	28th period From September 1, 2019 to February 29, 2020
	(Yen in thousands)				
Balance of reserves at the beginning of period	1,439,455	1,470,535	1,509,615	1,548,695	1,587,775
Amount of reserves during period	39,080	39,080	39,080	39,080	39,080
Amount of reversal of reserves during period	8,000	—	—	—	162,500
Reserves carried forward	1,470,535	1,509,615	1,548,695	1,587,775	1,464,355

► 5. Expenses and Liabilities**(1) Expenses Incurred in Connection with Management of Assets**

Item	27th period From March 1, 2019 to August 31, 2019	28th period From September 1, 2019 to February 29, 2020
Asset management fees (Note)	1,623,154	1,638,098
Asset custody fees	36,240	36,572
Administrative service fees	92,336	96,539
Directors' remuneration	6,600	6,600
Other expenses	372,568	420,579
Total	2,130,899	2,198,389

(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 ¥167,725 thousand and a management fee for sale of properties of ¥14,387 thousand for the 27th period, and a management fee for property acquisition included in the cost of acquisition of individual investment properties, etc. of ¥20,000 thousand and a management fee for sale of properties of ¥14,917 thousand for the 28th period.

(2) Debt Financing

The status of loans per financial institution as of February 29, 2020 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								
Sumitomo Mitsui Banking Corporation		3,260,000	—					
Sumitomo Mitsui Trust Bank, Limited	January 31, 2013	4,430,000	—					
Aozora Bank, Ltd.	31, 2013 and February 28, 2013	2,700,000	—	0.96% (Note 2)	January 31, 2020	Bullet repayment	(Note 6)	Unsecured and non-guaranteed
MUFG Bank, Ltd.		2,260,000	—					
Mizuho Bank, Ltd.		1,930,000	—					
Mizuho Trust & Banking Co., Ltd.		1,830,000	—					
The Norinchukin Bank		1,000,000	—					
Development Bank of Japan Inc.	January 31, 2013	1,500,000	—	0.96% (Note 3)	January 31, 2020	Bullet repayment	(Note 6)	Unsecured and non-guaranteed
Sumitomo Mitsui Banking Corporation		2,000,000	—					
MUFG Bank, Ltd.		2,000,000	—					
Sumitomo Mitsui Trust Bank, Limited	November 29, 2012	2,000,000	—	1.29% (Note 3)	November 29, 2019	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
Mizuho Bank, Ltd.		2,000,000	—					
Development Bank of Japan Inc.		2,000,000	—					
Sumitomo Mitsui Trust Bank, Limited		950,000	950,000					
MUFG Bank, Ltd.		1,950,000	1,950,000					
Sumitomo Mitsui Banking Corporation		950,000	950,000					
Mizuho Bank, Ltd.	September 30, 2016	950,000	950,000	0.22%	March 31, 2020	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
Resona Bank, Limited		800,000	800,000					
The Norinchukin Bank		500,000	500,000					
The Chiba Bank, Ltd.		500,000	500,000					
Shinsei Bank, Limited		300,000	300,000					
Mitsui Sumitomo Insurance Company, Limited	April 1, 2015	1,000,000	1,000,000	0.57% (Note 3)	April 1, 2020	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
The Norinchukin Bank	January 31, 2014	—	3,500,000	0.90% (Note 2)	January 31, 2021	Bullet repayment	(Note 6)	Unsecured and non-guaranteed

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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	-	36,810,000	11,400,000	-	-	-	-	-
The Norinchukin Bank	January 31, 2014	3,500,000	-	0.90% (Note 2)	January 31, 2021	Bullet repayment	(Note 6)	Unsecured and non-guaranteed
Sumitomo Mitsui Banking Corporation		936,000	936,000					
Sumitomo Mitsui Trust Bank, Limited		1,599,000	1,599,000					
The Norinchukin Bank		1,510,000	1,510,000					
Aozora Bank, Ltd.	January 30, 2015	1,169,000	1,169,000	0.61% (Note 2)	January 31, 2022	Bullet repayment	(Note 6)	Unsecured and non-guaranteed
Mizuho Bank, Ltd.		603,000	603,000					
Mizuho Trust & Banking Co., Ltd.		454,000	454,000					
MUFG Bank, Ltd.		437,000	437,000					
The Chiba Bank, Ltd.		150,000	150,000					
Development Bank of Japan Inc.	January 30, 2015	2,000,000	2,000,000	0.88% (Note 3)	January 31, 2024	Bullet repayment	(Note 6)	Unsecured and non-guaranteed
Sumitomo Mitsui Trust Bank, Limited		2,030,000	2,030,000					
Sumitomo Mitsui Banking Corporation		1,354,500	1,354,500					
The Norinchukin Bank		1,600,000	1,600,000					
Aozora Bank, Ltd.		1,192,000	1,192,000					
Mizuho Bank, Ltd.		1,017,000	1,017,000					
MUFG Bank, Ltd.	May 1, 2015	907,500	907,500	0.66% (Note 2)	April 28, 2022	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
Mizuho Trust & Banking Co., Ltd.		524,000	524,000					
Nippon Life Insurance Company		500,000	500,000					
Development Bank of Japan Inc.		400,000	400,000					
The Shizuoka Bank, Ltd.		260,000	260,000					
The Chiba Bank, Ltd.		215,000	215,000					
Sumitomo Mitsui Banking Corporation		1,800,000	1,800,000					
MUFG Bank, Ltd.		3,200,000	3,200,000					
Sumitomo Mitsui Trust Bank, Limited	December 28, 2015	1,800,000	1,800,000	0.59% (Note 2)	December 28, 2022	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
Mizuho Bank, Ltd.		1,800,000	1,800,000					
Resona Bank, Limited		1,400,000	1,400,000					
Shinsei Bank, Limited		500,000	500,000					
Sumitomo Mitsui Trust Bank, Limited	March 27, 2013	2,000,000	2,000,000	1.50% (Note 2)	March 27, 2023	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
Sumitomo Mitsui Banking Corporation		500,000	500,000					
MUFG Bank, Ltd.	April 1, 2014	1,000,000	1,000,000	1.05% (Note 2)	April 1, 2021	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
Mizuho Bank, Ltd.		1,000,000	1,000,000					
Sumitomo Mitsui Trust Bank, Limited		500,000	500,000					
Sumitomo Mitsui Banking Corporation		1,000,000	1,000,000					
MUFG Bank, Ltd.	April 1, 2014	1,000,000	1,000,000	1.21% (Note 2)	April 1, 2022	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
Mizuho Bank, Ltd.		1,000,000	1,000,000					
Sumitomo Mitsui Trust Bank, Limited		500,000	500,000					

Classification	Borrowing date	Balance at the beginning of period (Yen in thousands)	Balance at the end of period (Yen in thousands)	Average interest rate (Note 1)	Repayment date	Method of repayment	Use	Note
Lender								
Sumitomo Mitsui Banking Corporation		1,000,000	1,000,000					
MUFG Bank, Ltd.	April 1, 2014	1,000,000	1,000,000	1.52% (Note 2)	April 1, 2024	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
Sumitomo Mitsui Trust Bank, Limited		500,000	500,000					
Development Bank of Japan Inc.		500,000	500,000					
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					
Nippon Life Insurance Company	September 30, 2014	1,000,000	1,000,000	1.00% (Note 3)	September 29, 2023	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
Sumitomo Mitsui Banking Corporation		1,000,000	1,000,000					
Mizuho Bank, Ltd.	April 1, 2015	1,000,000	1,000,000	0.87% (Note 2)	October 3, 2022	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
The Norinchukin Bank		1,000,000	1,000,000					
Sumitomo Mitsui Banking Corporation		1,000,000	1,000,000					
Sumitomo Mitsui Trust Bank, Limited	April 1, 2015	1,000,000	1,000,000	0.99% (Note 2)	October 2, 2023	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
Mizuho Bank, Ltd.		1,000,000	1,000,000					
Resona Bank, Limited		1,000,000	1,000,000					
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 Trust Bank, Limited		1,000,000	1,000,000					
MUFG Bank, Ltd.	September 28, 2015	1,000,000	1,000,000	0.65% (Note 2)	September 28, 2022	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
Sumitomo Mitsui Banking Corporation		1,000,000	1,000,000					
Mizuho Bank, Ltd.		1,000,000	1,000,000					
Nippon Life Insurance Company	September 28, 2015	1,000,000	1,000,000	0.73% (Note 3)	September 30, 2024	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
Sumitomo Mitsui Banking Corporation		1,000,000	1,000,000					
Sumitomo Mitsui Trust Bank, Limited	November 30, 2015	1,000,000	1,000,000	0.51% (Note 2)	November 30, 2021	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					

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Classification	Borrowing date	Balance at the beginning of period (Yen in thousands)	Balance at the end of period (Yen in thousands)	Average interest rate (Note 1)	Repayment date	Method of repayment	Use	Note
Lender								
Sumitomo Mitsui Banking Corporation		1,000,000	1,000,000					
MUFG Bank, Ltd.	November 30, 2015	1,000,000	1,000,000	0.71% (Note 2)	May 31, 2023	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
Sumitomo Mitsui Trust Bank, Limited		1,000,000	1,000,000					
Mizuho Bank, Ltd.		1,000,000	1,000,000					
Sumitomo Mitsui Banking Corporation		1,000,000	1,000,000					
MUFG Bank, Ltd.	November 30, 2015	1,000,000	1,000,000	0.97% (Note 2)	May 30, 2025	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
Sumitomo Mitsui Trust Bank, Limited		1,000,000	1,000,000					
Mizuho Bank, Ltd.		1,000,000	1,000,000					
Sumitomo Mitsui Banking Corporation		1,000,000	1,000,000					
MUFG Bank, Ltd.	November 30, 2015	1,000,000	1,000,000	1.09% (Note 2)	May 29, 2026	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
Sumitomo Mitsui Trust Bank, Limited		1,000,000	1,000,000					
Mizuho Bank, Ltd.		1,000,000	1,000,000					
Sumitomo Mitsui Banking Corporation		1,500,000	1,500,000					
Sumitomo Mitsui Trust Bank, Limited		1,500,000	1,500,000					
MUFG Bank, Ltd.		2,000,000	2,000,000					
Mizuho Bank, Ltd.	September 28, 2016	1,500,000	1,500,000	0.63% (Note 3)	September 29, 2025	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
Resona Bank, Limited		500,000	500,000					
Mizuho Trust & Banking Co., Ltd.		500,000	500,000					
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		1,700,000	1,700,000					
MUFG Bank, Ltd.		2,700,000	2,700,000					
Sumitomo Mitsui Trust Bank, Limited	September 30, 2016	1,700,000	1,700,000	0.41% (Note 3)	March 31, 2023	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					
Shinsei Bank, Limited		300,000	300,000					
MUFG Bank, Ltd.		2,800,000	2,800,000					
Sumitomo Mitsui Trust Bank, Limited		1,800,000	1,800,000					
Sumitomo Mitsui Banking Corporation	September 30, 2016	1,800,000	1,800,000	0.48% (Note 3)	March 29, 2024	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
Mizuho Bank, Ltd.		1,800,000	1,800,000					
Aozora Bank, Ltd.		1,500,000	1,500,000					
Resona Bank, Limited		900,000	900,000					
Shinsei Bank, Limited		400,000	400,000					

Classification	Borrowing date	Balance at the beginning of period (Yen in thousands)	Balance at the end of period (Yen in thousands)	Average interest rate (Note 1)	Repayment date	Method of repayment	Use	Note
Lender								
Sumitomo Mitsui Banking Corporation		3,000,000	3,000,000					
Mizuho Bank, Ltd.	November 29, 2016	3,000,000	3,000,000	0.87% (Note 3)	November 30, 2026	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
Sumitomo Mitsui Trust Bank, Limited		3,000,000	3,000,000					
Resona Bank, Limited		1,000,000	1,000,000					
Development Bank of Japan Inc.	March 9, 2017	2,000,000	2,000,000	0.85% (Note 3)	March 31, 2027	Bullet repayment	(Note 7)	Unsecured and non-guaranteed
Mitsui Sumitomo Insurance Company, Limited	March 9, 2017	1,000,000	1,000,000	0.55% (Note 3)	March 29, 2024	Bullet repayment	(Note 7)	Unsecured and non-guaranteed
Mizuho Bank, Ltd.		4,000,000	4,000,000					
Sumitomo Mitsui Trust Bank, Limited	March 31, 2017	4,000,000	4,000,000	0.57% (Note 3)	September 29, 2023	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
MUFG Bank, Ltd.		1,000,000	1,000,000					
Mizuho Trust & Banking Co., Ltd.		1,000,000	1,000,000					
Sumitomo Mitsui Banking Corporation		4,000,000	4,000,000					
Aozora Bank, Ltd.	March 31, 2017	2,500,000	2,500,000	0.70% (Note 3)	March 31, 2025	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
Shinkin Central Bank		2,000,000	2,000,000					
MUFG Bank, Ltd.		1,500,000	1,500,000					
Resona Bank, Limited		1,000,000	1,000,000					
Sumitomo Mitsui Banking Corporation		2,200,000	2,200,000					
MUFG Bank, Ltd.		1,600,000	1,600,000					
Sumitomo Mitsui Trust Bank, Limited	April 11, 2017	1,600,000	1,600,000	0.40% (Note 3)	April 30, 2021	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
Mizuho Bank, Ltd.		1,600,000	1,600,000					
The Norinchukin Bank		1,500,000	1,500,000					
Nippon Life Insurance Company		1,000,000	1,000,000					
Sumitomo Mitsui Banking Corporation		1,800,000	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					
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					

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Classification	Borrowing date	Balance at the beginning of period (Yen in thousands)	Balance at the end of period (Yen in thousands)	Average interest rate (Note 1)	Repayment date	Method of repayment	Use	Note
Lender								
Sumitomo Mitsui Trust Bank, Limited		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		2,500,000	2,500,000					
Mizuho Bank, Ltd.	November 29, 2017	2,500,000	2,500,000	0.90% (Note 3)	November 30, 2027	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
The 77 Bank, Ltd.		1,000,000	1,000,000					
The Nishi-Nippon City Bank, Ltd.		1,000,000	1,000,000					
The Iyo Bank, Ltd.		500,000	500,000					
The Bank of Kyoto, Ltd.		500,000	500,000					
The Chugoku Bank, Limited		500,000	500,000					
Mitsui Sumitomo Insurance Company, Limited	March 27, 2018	1,000,000	1,000,000	0.44% (Note 3)	March 31, 2023	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
MUFG Bank, Ltd.	March 27, 2018	1,500,000	1,500,000	0.75% (Note 3)	September 30, 2027	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
Nippon Life Insurance Company	April 10, 2018	1,000,000	1,000,000	0.43% (Note 3)	September 9, 2022	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
Development Bank of Japan Inc.	April 10, 2018	2,000,000	2,000,000	0.65% (Note 3)	April 30, 2026	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
Sumitomo Mitsui Trust Bank, Limited		1,000,000	1,000,000					
Sumitomo Mitsui Banking Corporation		1,000,000	1,000,000					
Mizuho Bank, Ltd.		500,000	500,000					
The Bank of Fukuoka, Ltd.		500,000	500,000					
The Chiba Bank, Ltd.	April 10, 2018	500,000	500,000	0.42% (Note 3)	April 28, 2022	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
The 77 Bank, Ltd.		500,000	500,000					
The Nishi-Nippon City Bank, Ltd.		500,000	500,000					
The Shizuoka Bank, Ltd.		500,000	500,000					
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					
Sumitomo Mitsui Trust Bank, Limited		500,000	500,000					
Sumitomo Mitsui Banking Corporation		1,500,000	1,500,000					
Mizuho Bank, Ltd.	April 10, 2018	1,000,000	1,000,000	0.52% (Note 3)	April 30, 2024	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
Aozora Bank, Ltd.		500,000	500,000					
The Norinchukin Bank		500,000	500,000					
Shinsei Bank, Limited		500,000	500,000					
Shinkin Central Bank		500,000	500,000					

Classification	Borrowing date	Balance at the beginning of period (Yen in thousands)	Balance at the end of period (Yen in thousands)	Average interest rate (Note 1)	Repayment date	Method of repayment	Use	Note
Lender								
Sumitomo Mitsui Trust Bank, Limited		500,000	500,000					
Sumitomo Mitsui Banking Corporation		1,500,000	1,500,000					
Mizuho Bank, Ltd.		500,000	500,000					
Aozora Bank, Ltd.	April 10, 2018	500,000	500,000	0.60% (Note 3)	April 30, 2025	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
The Norinchukin Bank		500,000	500,000					
Resona Bank, Limited		500,000	500,000					
Shinsei Bank, Limited		500,000	500,000					
Shinkin Central Bank		500,000	500,000					
Sumitomo Mitsui Trust Bank, Limited		3,000,000	3,000,000					
Sumitomo Mitsui Banking Corporation		3,000,000	3,000,000					
Mizuho Bank, Ltd.	April 10, 2018	2,500,000	2,500,000	0.89% (Note 3)	April 28, 2028	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
Mizuho Trust & Banking Co., Ltd.		1,000,000	1,000,000					
Resona Bank, Limited		500,000	500,000					
The Dai-ichi Life Insurance Company, Limited	September 27, 2018	1,000,000	1,000,000	0.43% (Note 3)	September 29, 2023	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
Taiyo Life Insurance Company	September 27, 2018	1,000,000	1,000,000	0.60% (Note 3)	September 30, 2025	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
Sumitomo Mitsui Banking Corporation		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		1,000,000	500,000					
Sumitomo Mitsui Banking Corporation	March 27, 2019	1,000,000	500,000	0.25%	August 31, 2022	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
MUFG Bank, Ltd.		1,000,000	500,000					
Mizuho Bank, Ltd.		1,000,000	500,000					
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

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Classification	Borrowing date	Balance at the beginning of period (Yen in thousands)	Balance at the end of period (Yen in thousands)	Average interest rate (Note 1)	Repayment date	Method of repayment	Use	Note
Lender								
Development Bank of Japan Inc.	April 5, 2019	1,500,000	1,500,000	0.59% (Note 3)	April 28, 2028	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
Sumitomo Mitsui Banking Corporation		1,500,000	500,000					
Sumitomo Mitsui Trust Bank, Limited	April 10, 2019	1,500,000	500,000	0.30%	October 31, 2022	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
MUFG Bank, Ltd.		1,500,000	500,000					
Mizuho Bank, Ltd.		1,500,000	500,000					
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					
Shinsei Bank, Limited		1,000,000	1,000,000					
Shinkin Central Bank	April 10, 2019	1,000,000	1,000,000	0.39% (Note 3)	October 31, 2024	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
The Bank of Fukuoka, Ltd.		500,000	500,000					
The Chiba Bank, Ltd.		500,000	500,000					
The 77 Bank, Ltd.		500,000	500,000					
The Nishi-Nippon City Bank, Ltd.		500,000	500,000					
The Iyo Bank, Ltd.		500,000	500,000					
The Chugoku Bank, Limited		500,000	500,000					
Sumitomo Mitsui Banking Corporation		2,500,000	2,500,000					
Mizuho Bank, Ltd.		2,700,000	2,700,000					
Sumitomo Mitsui Trust Bank, Limited	April 10, 2019	2,500,000	2,500,000	0.75% (Note 2)	April 27, 2029	Bullet repayment	(Note 4)	Unsecured and non-guaranteed
Resona Bank, Limited		1,000,000	1,000,000					
Mizuho Trust & Banking Co., Ltd.		1,000,000	1,000,000					
MUFG Bank, Ltd.		700,000	700,000					
Sumitomo Mitsui Banking Corporation		–	2,000,000					
Sumitomo Mitsui Trust Bank, Limited	November 29, 2019	–	2,000,000	0.66% (Note 2)	November 30, 2029	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
MUFG Bank, Ltd.		–	2,000,000					
Mizuho Bank, Ltd.		–	2,000,000					
Development Bank of Japan Inc.		–	2,000,000					
Development Bank of Japan Inc.	January 31, 2020	–	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					
Aozora Bank, Ltd.		–	2,400,000					
Sumitomo Mitsui Trust Bank, Limited		–	1,000,000					
MUFG Bank, Ltd.	January 31, 2020	–	1,000,000	0.46% (Note 3)	July 30, 2027	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
Mizuho Bank, Ltd.		–	1,000,000					
The Norinchukin Bank		–	1,000,000					
Mizuho Trust & Banking Co., Ltd.		–	500,000					
The Yamaguchi Bank, Ltd.		–	500,000					

Classification	Borrowing date	Balance at the beginning of period (Yen in thousands)	Balance at the end of period (Yen in thousands)	Average interest rate (Note 1)	Repayment date	Method of repayment	Use	Note
Lender								
Sumitomo Mitsui Banking Corporation		–	2,200,000					
Sumitomo Mitsui Trust Bank, Limited		–	3,400,000					
Mizuho Trust & Banking Co., Ltd.	January 31, 2020	–	1,300,000	0.61% (Note 2)	January 31, 2030	Bullet repayment	(Note 5)	Unsecured and non-guaranteed
MUFG Bank, Ltd.		–	1,200,000					
Mizuho Bank, Ltd.		–	900,000					
Subtotal	–	292,958,000	312,358,000	–	–	–	–	–
Total	–	329,768,000	323,758,000	–	–	–	–	–

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

(3) Investment Corporation Bonds

The status of investment corporation bonds issued as of February 29, 2020 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 2nd Unsecured Investment Corporation Bonds (Note 1)	January 22, 2015	3,000,000	3,000,000	0.35%	January 22, 2021	Bullet repayment	(Note 3)	Unsecured
Daiwa House Residential Investment Corporation 3rd Unsecured Investment Corporation Bonds (Note 1)	January 22, 2015	3,000,000	3,000,000	0.67%	January 22, 2025	Bullet repayment	(Note 3)	Unsecured
Daiwa House REIT Investment Corporation 5th Unsecured Investment Corporation Bonds (Note 1)	December 20, 2016	4,000,000	4,000,000	0.24%	December 20, 2021	Bullet repayment	(Note 2)	Unsecured
Daiwa House REIT Investment Corporation 6th Unsecured Investment Corporation Bonds (Note 1)	December 20, 2016	4,000,000	4,000,000	0.57%	December 18, 2026	Bullet repayment	(Note 2)	Unsecured
Daiwa House REIT Investment Corporation 7th Unsecured Investment Corporation Bonds (Note 1)	July 30, 2018	2,000,000	2,000,000	0.69%	July 30, 2030	Bullet repayment	(Note 2)	Unsecured
Daiwa House REIT Investment Corporation 8th Unsecured Investment Corporation Bonds (Note 1)	July 30, 2018	1,000,000	1,000,000	1.03%	July 30, 2038	Bullet repayment	(Note 2)	Unsecured
Daiwa House REIT Investment Corporation 9th Unsecured Investment Corporation Bonds (Green Bonds) (Note 1)	November 25, 2019	–	6,000,000	0.53%	November 22, 2029	Bullet repayment	(Note 4)	Unsecured
Total	–	19,000,000	25,000,000	–	–	–	–	–

(Notes) 1. The bonds have pari passu conditions among specified investment corporation bonds.

2. To be used for repayment of existing loans.

3. To be used for redemption of rehabilitation obligations (investment corporation bonds) and repayment of rehabilitation obligations (loans).

4. To be used for the partial repayment of existing loans associated with "eligible green assets."

(4) Short-Term Investment Corporation Bonds

Not applicable.

(5) Unit Acquisition Rights

Not applicable.

► 6. Status of Acquisition and Sale during the Period**(1) Status of Acquisition and Sale of Properties and Asset-Backed Securities, Infrastructure Assets, and Infrastructure Related Asset**

Property name	Acquisition		Sale			
	Acquisition date	Acquisition price (Yen in millions) (Note 1)	Sale date	Sale price (Yen in millions) (Note 1)	Book value (Yen in millions)	Gain or loss on sale (Yen in millions) (Note 2)
AGORA Kanazawa	November 29, 2019	5,200	–	–	–	–
Hapias Kaita (Land)	December 13, 2019	1,400	–	–	–	–
D Project Gifu	–	–	September 2, 2019	1,171	1,065	100
D Project Sapporo Minami	–	–	September 2, 2019	863	781	77
D Project Sendai Minami	–	–	September 2, 2019	1,581	1,509	65
D Project Gotenba	–	–	September 2, 2019	1,141	1,107	29
D Project Nishi-Hiroshima	–	–	September 2, 2019	1,211	1,173	32
Total		6,600		5,967	5,638	306

(Notes) 1. "Acquisition price" and "sale price" are the amounts that do not include the various expenses required in the acquisition or sale 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 sale price less book value of sold property and any related expenses.

(2) Transaction of Other Assets

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

(3) Review on Value of Specified Assets

Properties, etc.

Acquisition or sale	Property name	Transaction date	Type of assets	Acquisition price or sale price (Yen in millions) (Note 1)	Appraisal value (Yen in millions) (Note 2)	Appraisal agency (Note 2)	Date of value appraised (Note 2)
Acquisition	AGORA Kanazawa	November 29, 2019	Trust beneficiary interests in real estate	5,200	5,460	Daiwa Real Estate Appraisal Co., Ltd.	October 31, 2019
Acquisition	Hapias Kaita (Land)	December 13, 2019	Real estate	1,400	1,510	The Tanizawa Sōgō Appraisal Co., Ltd.	October 31, 2019
Sale	D Project Gifu	September 2, 2019	Trust beneficiary interests in real estate	1,171	1,170	The Tanizawa Sōgō Appraisal Co., Ltd.	February 28, 2019
Sale	D Project Sapporo Minami	September 2, 2019	Trust beneficiary interests in real estate	863	862	The Tanizawa Sōgō Appraisal Co., Ltd.	February 28, 2019
Sale	D Project Sendai Minami	September 2, 2019	Trust beneficiary interests in real estate	1,581	1,580	The Tanizawa Sōgō Appraisal Co., Ltd.	February 28, 2019
Sale	D Project Gotenba	September 2, 2019	Trust beneficiary interests in real estate	1,141	1,140	The Tanizawa Sōgō Appraisal Co., Ltd.	February 28, 2019
Sale	D Project Nishi-Hiroshima	September 2, 2019	Trust beneficiary interests in real estate	1,211	1,210	The Tanizawa Sōgō Appraisal Co., Ltd.	February 28, 2019

(Notes) 1. "Acquisition price or sale price" is the amount that does not include the various expenses required in the acquisition or sale 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 28th period are as follows:

i) Status of Transactions

Classification	Transaction amount, etc. (Note 2)		
	Purchase	Sale	
Total	¥6,600 million		¥5,967 million
Breakdown of transactions with interested parties			
Daiwa House Industry Co., Ltd.	¥5,200 million (78.8%)	¥- million (-%)	
Total	¥5,200 million (78.8%)	¥- million (-%)	

ii) Amount of Fees Paid

Classification	Total amount paid (A) (Yen in thousands)	Breakdown of transactions with interested parties, etc. (Note 1)		Rate to total amount paid (B/A) (%)
		Payment recipient	Amount paid (B) (Yen in thousands)	
Management fees	1,308,420	Daiwa Living Co., Ltd.	532,860	40.7
		Daiwa House Property Management Co., Ltd.	212,792	16.3
		Daiwa Information Service Co., Ltd.	188,035	14.4
		Daiwa LifeNext Co., Ltd.	32,853	2.5
		Daiwa Lease Co., Ltd.	3,210	0.2
		Daiwa House Property Management Co., Ltd.	1,084,461	48.4
		Daiwa Living Co., Ltd.	416,520	18.6
Repairs and maintenance expenses (Note 3)	2,240,995	Daiwa Information Service Co., Ltd.	138,141	6.2
		Daiwa Living Management Co., Ltd.	13,599	0.6
		Daiwa Lease Co., Ltd.	11,725	0.5
		Daiwa LifeNext Co., Ltd.	6,274	0.3
Restoration costs	254,194	Daiwa Living Co., Ltd.	174,733	68.7
		Daiwa Living Co., Ltd.	47,865	45.0
		Daiwa Information Service Co., Ltd.	10,837	10.2
Other rental expenses	106,388	Daiwa House Property Management Co., Ltd.	599	0.6
		Daiwa LifeNext Co., Ltd.	154	0.1
		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 Trusts Act, Article 123 of the Order for Enforcement of the Investment Trusts Act, Article 244-3 of Regulation for Enforcement of Investment Trusts Act and Article 26, Item 27 of The Investment Trusts Association, Japan's Rules on Management Reports, etc., of Investment Trusts and Investment Corporations.
2. "Transaction amount, etc." is the amount that does not include the various expenses required in the acquisition or sale of the property, settlement money such as taxes and public dues, consumption taxes, and leasehold guarantee deposits, etc.
3. "Repairs and maintenance expenses" include the amount of repairs and maintenance covered by insurance.

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

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

► 7. Accounting

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

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

(2) Changes in Method to Calculate Depreciation Expenses

Not applicable.

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

Not applicable.

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

Not applicable.

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

Not applicable.

► 8. Other

(1) Notice

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

Date of the Board of Directors meeting	Item	Description
October 17, 2019	Conclusion of underwriting agreement for investment corporation bond issuance, etc.	In line with a comprehensive resolution on the issuance of investment corporation bonds approved on the same day, DHR resolved that the selection of an administrator of the investment corporation bonds to be issued in the future would be at the discretion of the Executive Director. Based on this resolution, DHR entrusted SMBC Nikko Securities Inc., Mizuho Securities Co., Ltd., and Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. with the relevant work for soliciting subscribers for investment corporation bonds, and entrusted Sumitomo Mitsui Trust Bank, Limited with issuance agent work, payment agent work, etc.
November 26, 2019	Conclusion of an agreement on amendments to the asset management agreement	Regarding the asset management agreement concluded on June 7, 2005 with Daiwa House Asset Management Co., Ltd., at the 12th General Meeting of Unitholders of DHR held on November 27, 2019, DHR and the Asset Manager concluded an agreement on amendments to the asset management agreement, with approval of the proposal pertaining to partial amendments to the Articles of Incorporation as a condition precedent.
February 7, 2020	Conclusion of underwriting agreement for new investment units, etc.	Concerning issuance of new investment units, DHR resolved the conclusion of the underwriting agreement for new investment units, and entrusted Nomura Securities Co., Ltd., Daiwa Securities Co., Ltd., Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., SMBC Nikko Securities Inc., and Mizuho Securities Co., Ltd. as underwriters for Japanese offering, and Morgan Stanley & Co. International plc, Daiwa Capital Markets Europe Limited, and Nomura International plc as joint lead managers for overseas offering, with relevant work for soliciting subscribers for new investment units.

(2) Treatment of Fractions in Amounts and Rates

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

II. Balance Sheets

**Daiwa House REIT Investment Corporation
BALANCE SHEETS**

As of August 31, 2019 and February 29, 2020

	As of	
	August 31, 2019	February 29, 2020
Assets		
Current assets:		(Yen in thousands)
Cash and bank deposits (Notes 3 and 4)	¥47,271,920	¥50,427,313
Operating accounts receivable	175,551	157,160
Prepaid expenses	627,313	633,947
Consumption taxes receivable	1,199,509	—
Other current assets	3,166	1,120,663
Allowance for doubtful accounts	(989)	(996)
Total current assets	49,276,472	52,338,089
Investment properties (Notes 8 and 9)	712,856,413	710,370,832
Other assets:		
Goodwill (Note 7)	67,395,703	65,413,477
Leasehold rights in trust (Note 9)	5,940,513	5,893,101
Lease and guarantee deposits in trust	3,489,293	3,488,978
Guarantee deposits	195	99
Long-term prepaid expenses	2,184,143	2,307,557
Investment corporation bond issuance costs	82,464	108,702
Investment securities (Notes 4 and 5)	9,377	9,394
Software	71	—
Trademark rights	1,780	1,502
Total other assets	79,103,544	77,222,813
Total assets	¥841,236,430	¥839,931,735

**Daiwa House REIT Investment Corporation
BALANCE SHEETS**

As of August 31, 2019 and February 29, 2020

	As of	
	August 31, 2019	February 29, 2020
Liabilities		
Current liabilities:		(Yen in thousands)
Operating accounts and other payable	¥1,512,500	¥2,278,968
Current portion of investment corporation bonds (Notes 4 and 14)	—	3,000,000
Current portion of long-term loans (Notes 4, 6 and 15)	36,810,000	11,400,000
Accrued expenses	1,544,776	1,546,716
Accrued consumption taxes	—	949,604
Advances received	2,988,375	3,064,259
Unearned revenue	222,342	221,735
Deposits received	343,242	374,359
Other	94,179	92,516
Total current liabilities	43,515,417	22,928,159
Non-current liabilities:		
Investment corporation bonds (Notes 4 and 14)	19,000,000	22,000,000
Long-term loans (Notes 4, 6 and 15)	292,958,000	312,358,000
Long-term unearned revenue	706,501	596,544
Tenant leasehold and security deposits (Note 4)	273,928	337,990
Tenant leasehold and security deposits in trust (Note 4)	19,885,704	19,661,156
Asset retirement obligations (Note 11)	640,015	646,062
Derivative liabilities (Notes 4 and 6)	1,085,876	1,062,506
Total non-current liabilities	334,550,025	356,662,260
Total liabilities	378,065,443	379,590,420
Net assets (Notes 12 and 13)		
Unitholders' equity:		
Unitholders' capital	198,492,847	198,492,847
Units authorized:		
8,000,000 units as of August 31, 2019 and February 29, 2020		
Units issued and outstanding:		
2,075,000 units as of August 31, 2019 and February 29, 2020		
Surplus		
Capital surplus	247,667,563	247,667,563
Voluntary reserve		
Reserve for temporary difference adjustments	6,823,576	3,903,449
Reserve for distribution	2,106,789	2,214,027
Total voluntary reserve	8,930,366	6,117,477
Unappropriated retained earnings	9,166,085	9,125,933
Total surplus	265,764,015	262,910,973
Total unitholders' equity	464,256,863	461,403,821
Valuation and translation adjustments		
Deferred gains or losses on hedges (Note 6)	(1,085,876)	(1,062,506)
Total valuation and translation adjustments	(1,085,876)	(1,062,506)
Total net assets	463,170,986	460,341,315
Total liabilities and net assets	¥841,236,430	¥839,931,735

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

III. Statements of Income and Retained Earnings

Daiwa House REIT Investment Corporation STATEMENTS OF INCOME AND RETAINED EARNINGS

For the fiscal periods ended August 31, 2019 and February 29, 2020

	For the fiscal periods ended		Valuation and translation adjustments
	August 31, 2019	February 29, 2020	
	(Yen in thousands)	(Yen in thousands)	
Operating revenues:			
Rental revenues (Note 10)	¥24,722,954	¥24,712,400	
Gain on sale of investment properties (Note 18)	154,968	306,069	
Total operating revenues	24,877,922	25,018,469	
Operating expenses:			
Rental expenses (Note 10)	10,062,619	10,278,793	
Asset management fees	1,623,154	1,638,098	
Asset custody fees	36,240	36,572	
Administrative service fees	92,336	96,539	
Directors' remuneration	6,600	6,600	
Amortization of goodwill (Note 7)	1,982,226	1,982,226	
Provision of allowance for doubtful accounts	107	653	
Bad debts expenses	—	750	
Other operating expenses	372,460	419,175	
Total operating expenses	14,175,746	14,459,409	
Operating income	10,702,176	10,559,060	
Non-operating revenues:			
Interest income	197	212	
Gain on forfeiture of unclaimed distributions	4,508	4,160	
Gain on adjustment of liabilities	107,238	10,662	
Gain on donation of non-current assets	—	2,306	
Property tax adjustment at settlement	—	350	
Interest on tax refund	—	1,685	
Subsidy income	—	2,550	
Other non-operating revenues	17	21	
Total non-operating revenues	111,961	21,948	
Non-operating expenses:			
Interest expense	1,114,268	1,090,310	
Interest expense on investment corporation bonds	52,527	59,740	
Amortization of investment corporation bond issuance costs	8,358	9,551	
Investment unit issuance expenses	173,770	—	
Borrowing related expenses	296,456	292,793	
Other non-operating expenses	2,065	2,075	
Total non-operating expenses	1,647,447	1,454,470	
Ordinary income	9,166,690	9,126,538	
Income before income taxes	9,166,690	9,126,538	
Income taxes-current (Note 17)	605	605	
Net income	¥9,166,085	¥9,125,933	
Unappropriated retained earnings	¥9,166,085	¥9,125,933	

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

IV. Statements of Changes in Net Assets

Daiwa House REIT Investment Corporation STATEMENTS OF CHANGES IN NET ASSETS

For the fiscal periods ended August 31, 2019 and February 29, 2020

	Unitholders' equity						Valuation and translation adjustments	
	Surplus			Voluntary reserve				
	Number of units issued and out- standing	Unitholders' capital	Capital surplus	Reserve for temporary difference	Reserve for adjustments	Unappro- priated retained earnings		
Balance as of February 28, 2019	1,927,000	¥163,230,367	¥247,667,563	¥8,804,571	¥1,986,536	¥8,597,087	¥430,286,126	¥(1,063,056)
Changes during the period:								
Issuance of investment units: on March 1, 2019	138,000	32,879,880	—	—	—	—	32,879,880	—
on March 26, 2019	10,000	2,382,600	—	—	—	—	2,382,600	—
Reversal of reserve for temporary difference adjustments	—	—	—	(1,980,994)	—	1,980,994	—	—
Reserve for distribution	—	—	—	—	120,252	(120,252)	—	—
Distributions from surplus	—	—	—	—	—	(10,457,829)	(10,457,829)	—
Net income	—	—	—	—	—	9,166,085	9,166,085	—
Net changes of items other than changes of unitholders' equity	—	—	—	—	—	—	—	(22,819)
Total changes during the period	148,000	35,262,480	—	(1,980,994)	120,252	568,998	33,970,736	(22,819)
Balance as of August 31, 2019	2,075,000	¥198,492,847	¥247,667,563	¥6,823,576	¥2,106,789	¥9,166,085	¥464,256,863	¥(1,085,876)
Changes during the period:								
Reversal of reserve for temporary difference adjustments	—	—	—	(2,920,127)	—	2,920,127	—	—
Reserve for distribution	—	—	—	—	107,238	(107,238)	—	—
Distributions from surplus	—	—	—	—	—	(11,978,975)	(11,978,975)	—
Net income	—	—	—	—	—	9,125,933	9,125,933	—
Net changes of items other than changes of unitholders' equity	—	—	—	—	—	—	—	23,370
Total changes during the period	—	—	—	(2,920,127)	107,238	(40,152)	(2,853,041)	23,370
Balance as of February 29, 2020	2,075,000	¥198,492,847	¥247,667,563	¥3,903,449	¥2,214,027	¥9,125,933	¥461,403,821	¥(1,062,506)

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

V. Statements of Cash Flows

**Daiwa House REIT Investment Corporation
STATEMENTS OF CASH FLOWS**
For the fiscal periods ended August 31, 2019 and February 29, 2020

	For the fiscal periods ended	
	August 31, 2019	February 29, 2020
	(Yen in thousands)	
Cash flows from operating activities:		
Income before income taxes	¥9,166,690	¥9,126,538
Depreciation and amortization	4,764,371	4,806,206
Amortization of goodwill	1,982,226	1,982,226
Amortization of investment corporation bond issuance costs	8,358	9,551
Amortization of trademark rights	278	278
Amortization of software	205	71
Loss on retirement of non-current assets	23,340	18,036
Investment unit issuance expenses	173,770	—
Interest income	(197)	(212)
Interest expense	1,166,796	1,150,050
Decrease in operating accounts receivable	100,131	18,390
Increase in accounts receivable	(1,032)	(1,118,200)
(Increase) decrease in consumption taxes receivable	(1,598,047)	2,149,113
Increase in prepaid expenses	(17,655)	(6,633)
Increase in operating accounts and other payable	386,328	585,025
Increase (decrease) in accrued expenses	125,303	(2,045)
(Decrease) increase in deposits received	(2,030)	31,116
Increase in advances received	231,149	75,883
Increase in long-term prepaid expenses	(73,270)	(123,413)
(Decrease) increase in allowance for doubtful accounts	(236)	6
Decrease in investment properties in trust due to sales	5,584,343	5,638,212
Decrease in lease and guarantee deposits in trust	—	314
Other	(77,839)	(10,525)
Subtotal	21,942,986	24,329,993
Interest received	197	212
Interest paid	(1,277,516)	(1,256,628)
Income taxes paid	(609)	(607)
Net cash provided by operating activities	20,665,057	23,072,970
Cash flows from investing activities:		
Acquisition of investment properties	(68,893,608)	(7,754,115)
Proceeds from tenant leasehold and security deposits	30,950	85,923
Repayment of tenant leasehold and security deposits	(15,939)	(17,784)
Proceeds from tenant leasehold and security deposits in trust	2,825,798	355,788
Repayment of tenant leasehold and security deposits in trust	(728,043)	(568,795)
Net cash used in investing activities	(66,780,841)	(7,898,983)
Cash flows from financing activities:		
Proceeds from long-term loans	39,100,000	28,900,000
Repayment of long-term loans	(11,600,000)	(34,910,000)
Proceeds from issuance of investment corporation bonds	—	5,964,210
Proceeds from issuance of investment units	35,088,709	—
Distribution payment	(10,451,983)	(11,972,804)
Net cash provided by (used in) financing activities	52,136,726	(12,018,593)
Net increase in cash and cash equivalents	6,020,942	3,155,392
Cash and cash equivalents at beginning of the period	41,250,978	47,271,920
Cash and cash equivalents at end of the period (Note 3)	¥47,271,920	¥50,427,313

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

VI. Notes to Financial Statements

**Daiwa House REIT Investment Corporation
Notes to Financial Statements**

As of and for the fiscal periods ended August 31, 2019 and February 29, 2020

Note 1 – Organization and Basis of Presentation

Organization

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

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

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

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

After the merger, DHR shifted to a diversified portfolio strategy, targeting investment in new asset classes such as hotel and office properties, in addition to those that DHR and the former DHR had targeted for investment in the past. As of February 29, 2020, DHR’s portfolio included 225 properties at a total acquisition price of ¥745.6 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.

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

Note 2 – Summary of Significant Accounting Policies

(a) Cash and Cash Equivalents

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

(b) Investment Properties

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

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

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

(c) Intangible Assets

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

	Years
Goodwill	20
Computer software	5

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 Unit Issuance Expenses

The issuance costs of new investment units are expensed when incurred.

(f) Investment Securities

(g) Revenue Recognition

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

(h) 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.

(i) Income Taxes

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

(j) 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.

(k) Consumption Taxes

Consumption taxes withheld and consumption taxes paid are not included in the accompanying statements of income and retained earnings. Non-deductible consumption taxes for acquisition of assets are added on to the acquisition cost of each asset.

(l) 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.

(m) Derivatives and Hedge Accounting

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

The assessment of hedge effectiveness is omitted when the significant terms of the hedged item and hedging

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

Note 3 – Cash and Cash Equivalents

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

	As of	
	August 31, 2019	February 29, 2020
	(Yen in thousands)	
Cash and bank deposits	¥47,271,920	¥50,427,313
Cash and cash equivalents	¥47,271,920	¥50,427,313

Note 4 – Financial Instruments

(a) Qualitative Information on Financial Instruments

Policy on financial instruments

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

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

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

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

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

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

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

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

Supplemental explanation concerning fair value of financial instruments

The fair value of financial instruments is determined by market prices, if available. When there is no observable

market price available, the fair value is based on a price that is reasonably estimated. Since certain assumptions and factors are reflected in estimating the fair value, different assumptions and factors could result in a different value.

(b) Estimated Fair Value of Financial Instruments

Book value on the balance sheet, fair value and the difference as of August 31, 2019 and February 29, 2020 are as follows:

	As of					
	August 31, 2019			February 29, 2020		
	(Yen in thousands)					
Assets	Book value	Fair value	Difference	Book value	Fair value	Difference
(1) Cash and bank deposits	¥47,271,920	¥47,271,920	¥—	¥50,427,313	¥50,427,313	¥—
(2) Investment securities: Held-to-maturity bonds	9,377	9,931	553	9,394	9,663	268
Total	¥47,281,298	¥47,281,851	¥553	¥50,436,707	¥50,436,976	¥268
Liabilities						
(3) Current portion of investment corporation bonds	¥—	¥—	¥—	¥3,000,000	¥3,002,392	¥2,392
(4) Current portion of long-term loans	36,810,000	36,857,747	47,747	11,400,000	11,413,421	13,421
(5) Investment corporation bonds	19,000,000	19,314,231	314,231	22,000,000	22,095,460	95,460
(6) Long-term loans	292,958,000	297,760,711	4,802,711	312,358,000	317,567,708	5,209,708
(7) Tenant leasehold and security deposits in trust	598,329	603,296	4,967	550,551	548,684	(1,867)
Total	¥349,366,329	¥354,535,986	¥5,169,657	¥349,308,551	¥354,627,666	¥5,319,115
(8) Derivatives (*)	¥(1,085,876)	¥(1,085,876)	¥—	¥(1,062,506)	¥(1,062,506)	¥—

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

Notes:

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

Assets:

(1) Cash and bank deposits

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

(2) Investment securities

The fair value is based on reference statistical prices for OTC bond transactions. For the book value on the balance sheet and the fair value of held-to-maturity bonds, and the difference between the two values, please refer to Note 5 – “Investment Securities” below.

Liabilities:

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

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

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

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

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

(7) Tenant leasehold and security deposits in trust

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

(8) Derivatives

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

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

	As of	
	August 31, 2019	February 29, 2020
	(Yen in thousands)	
Tenant leasehold and security deposits	¥273,928	¥337,990
Tenant leasehold and security deposits in trust	19,287,375	19,110,605

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

3. Redemption schedule for monetary claims after August 31, 2019 and February 29, 2020 is as follows:

As of August 31, 2019	Due within one year	Due after one to two years	Due after two to three years	Due after three to four years	Due after four to five years	Due after five years
	(Yen in thousands)					
Cash and bank deposits	¥47,271,920	¥—	¥—	¥—	¥—	¥—
Investment securities	—	—	—	—	—	10,000
Total	¥47,271,920	¥—	¥—	¥—	¥—	¥10,000

As of February 29, 2020

Due within one year	Due after one to two years	Due after two to three years	Due after three to four years	Due after four to five years	Due after five years
(Yen in thousands)					
¥50,427,313	¥—	¥—	¥—	¥—	¥—
—	—	—	—	—	10,000
Total	¥50,427,313	¥—	¥—	¥—	¥10,000

4. Repayment schedule for investment corporation bonds and long-term loans after August 31, 2019 and February 29, 2020 is as follows:

As of August 31, 2019

Due within one year	Due after one to two years	Due after two to three years	Due after three to four years	Due after four to five years	Due after five years
(Yen in thousands)					
¥—	¥3,000,000	¥4,000,000	¥—	¥—	¥12,000,000
36,810,000	16,000,000	37,858,000	41,900,000	38,000,000	159,200,000
Total	¥36,810,000	¥19,000,000	¥41,858,000	¥41,900,000	¥38,000,000
					¥171,200,000

As of February 29, 2020

Due within one year	Due after one to two years	Due after two to three years	Due after three to four years	Due after four to five years	Due after five years
(Yen in thousands)					
Investment corporation bonds (*)	¥3,000,000	¥4,000,000	¥—	¥—	¥5,000,000
Long-term loans (*)	11,400,000	26,358,000	42,500,000	35,400,000	29,100,000
Total	¥14,400,000	¥30,358,000	¥42,500,000	¥35,400,000	¥34,100,000
					¥192,000,000

(*) The figures above include the current portion.

Note 5 – Investment Securities

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

Book value on the balance sheet, fair value and the difference as of August 31, 2019 and February 29, 2020 are as follows:

	As of					
	August 31, 2019			February 29, 2020		
	Book value	Fair value	Difference	Book value	Fair value	Difference
Fair value exceeding the book value						
Held-to-maturity bonds:						
Government bonds	¥9,377	¥9,931	¥553	¥9,394	¥9,663	¥268
Subtotal	9,377	9,931	553	9,394	9,663	268
Fair value not exceeding the book value						
Held-to-maturity bonds:						
Government bonds	—	—	—	—	—	—
Subtotal	—	—	—	—	—	—
Total	¥9,377	¥9,931	¥553	¥9,394	¥9,663	¥268

Note 6 – Derivative Transactions

(a) *Derivative Transactions for Which Hedge Accounting Has Not Been Applied* — None

(b) *Derivative Transactions for Which Hedge Accounting Has Been Applied*

Contract amount or notional principal amount of derivative transactions classified by hedge accounting method is as follows:

Type of derivative transaction	Hedged item	As of					
		August 31, 2019			February 29, 2020		
		Contract amount		Fair value	Contract amount		Fair value
		Total	Due after one year		Total	Due after one year	
Principle method							
Interest-rate swap							
Receive floating/ Pay fixed	Long-term loan	¥47,500,000	¥47,500,000	¥(1,085,876)	¥47,500,000	¥47,500,000	¥(1,062,506)
				(Note 1)			(Note 1)
Special treatment for interest-rate swaps							
Interest-rate swap							
Receive floating/ Pay fixed	Long-term loan	58,668,000	41,258,000	(Note 2)	60,258,000	56,758,000	(Note 2)
Total		¥106,168,000	¥88,758,000	¥(1,085,876)	¥107,758,000	¥104,258,000	¥(1,062,506)

Notes:

1. Fair value is quoted by counterparties based on the prevailing market interest rates.
2. Under the special accounting treatment, interest-rate swaps are accounted for as part of the long-term loans, the hedged item; thus, the fair value is included in the fair value of the long-term loans. (Please refer to Note 4 – “Financial Instruments” above.)

Note 7 – Goodwill

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

On the business combination date, consideration given for the acquisition was ¥219,425,976 thousand, which was the amount equivalent to the fair value of DHR investment units allotted, while the fair value of the net assets acquired from the former DHR was ¥140,136,912 thousand. The excess of the acquisition cost over the fair value of the net assets acquired, in the amount of ¥79,289,063 thousand, was recognized as goodwill upon the Merger. The amount of goodwill is amortized over 20 years using the straight-line method. As of August 31, 2019 and February 29, 2020, the unamortized balances of goodwill from the Merger were ¥67,395,703 thousand and ¥65,413,477 thousand, respectively.

Note 8 – Investment Properties

As of August 31, 2019 and February 29, 2020, investment properties consist of the following property and equipment and property and equipment in trust.

	As of					
	August 31, 2019			February 29, 2020		
	(Yen in thousands)					
Property and equipment:	Acquisition cost	Accumulated depreciation	Net	Acquisition cost	Accumulated depreciation	Net
Land	¥20,879,124	¥—	¥20,879,124	¥22,345,895	¥—	¥22,345,895
Buildings	26,340,267	4,873,131	21,467,135	26,483,438	5,144,627	21,338,810
Structures	248,224	48,206	200,017	248,426	51,006	197,419
Machinery and equipment	478,877	149,748	329,128	490,934	160,912	330,021
Tools, furniture and fixtures	701,691	403,055	298,636	728,750	426,339	302,411
Property and equipment in trust:						
Land	348,445,376	—	348,445,376	348,200,560	—	348,200,560
Buildings	346,715,583	35,285,398	311,430,184	347,339,442	39,166,299	308,173,142
Structures	8,370,382	846,472	7,523,909	8,323,696	991,617	7,332,078
Machinery and equipment	2,528,596	1,106,294	1,422,301	2,550,564	1,192,094	1,358,470
Tools, furniture and fixtures	1,098,003	463,313	634,689	1,271,176	532,144	739,032
Construction in progress	225,909	—	225,909	52,988	—	52,988
Total	¥756,032,035	¥43,175,621	¥712,856,413	¥758,035,874	¥47,665,041	¥710,370,832

Note 9 – Fair Value of Investment Properties

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

	As of / For the fiscal periods ended	
	August 31, 2019	February 29, 2020
(Yen in thousands)		
Book value:		
Balance at beginning of the period	¥660,511,618	¥718,796,927
Net change during the period	58,285,309	(2,532,993)
Balance at end of the period	¥718,796,927	¥716,263,934
Fair value at end of the period	¥822,248,000	¥830,171,000

Notes:

- The book value above includes leasehold rights in trust of ¥5,940,513 thousand and ¥5,893,101 thousand as of August 31, 2019 and February 29, 2020, respectively.
- For the period ended August 31, 2019, the increase is mainly due to acquisitions of 13 properties including D Project Itabashi Shingashi (¥67,660,160 thousand), while the decrease is mainly attributable to the sale of D Project Shin-Misato (¥5,584,343 thousand) and depreciation. For the period ended February 29, 2020, the increase is mainly due to acquisitions of two properties including AGORA Kanazawa (¥6,689,535 thousand), while the decrease is mainly attributable to the sale of five properties including D Project Sendai Minami (¥5,638,212 thousand) and depreciation.
- The fair value at end of the period represents the value assessed by third-party real estate appraisers.

Note 10 – Rental Revenues and Expenses

Rental revenues generated from investment properties and related expenses for the periods ended August 31, 2019 and February 29, 2020 are as follows:

	For the fiscal periods ended	
	August 31, 2019	February 29, 2020
(Yen in thousands)		
Rental revenues:		
Rental revenues	¥23,149,693	¥23,160,308
Common area charges	489,934	495,490
Subtotal	23,639,627	23,655,798
Other revenues related to property leasing:		
Facility charges	388,843	393,687
Incidental revenues	282,426	264,610
Other revenues	412,056	398,303
Subtotal	1,083,326	1,056,601
Total rental revenues	¥24,722,954	¥24,712,400

	For the fiscal periods ended	
	August 31, 2019	February 29, 2020
(Yen in thousands)		
Rental expenses:		
Management fees	¥1,314,771	¥1,308,420
Utilities	332,752	319,454
Taxes and public dues	1,798,996	1,774,783
Repairs	833,301	1,121,106
Restoration costs	301,418	254,194
Insurance premiums	29,840	29,784
Custodian fees	62,116	64,083
Depreciation and amortization	4,764,371	4,806,206
Other operating expenses	625,050	600,760
Total rental expenses	¥10,062,619	¥10,278,793
Operating income from property leasing activities	¥14,660,334	¥14,433,606

Note 11 – Asset Retirement Obligations

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

DHR estimates the useful life of applicable assets as the remaining period of the fixed-term land lease agreements (46 – 60 years), and uses 1.0 – 2.4% discount rates for the calculation of asset retirement obligations. For buildings containing asbestos, DHR estimates the useful life to be 35 years, and uses a 0.6% discount rate. Changes in asset retirement obligations for the periods ended August 31, 2019 and February 29, 2020 are as follows:

	For the fiscal periods ended	
	August 31, 2019	February 29, 2020
(Yen in thousands)		
Balance at beginning of the period	¥626,251	¥640,015
Increase due to acquisitions of property and equipment	7,783	—
Accretion expense	5,981	6,047
Balance at end of the period	¥640,015	¥646,062

Note 12 – Net Assets

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

Note 13 – Distribution Information

In accordance with Article 37.1.1 of the bylaws set forth by DHR for cash distributions, the amount of distribution 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.

Also, DHR implemented its policy of stabilized distributions by utilizing a reserve for temporary difference adjustments. In accordance with the foresaid policy, a cash distribution is declared for the amount calculated by deducting the amount of accumulation of reserve for distribution from the total of unappropriated retained earnings and reversal of reserve for temporary difference adjustments.

Adopting the transitional measure stipulated in the paragraph 3 of supplementary provision of the “Ordinance on Accountings of Investment Corporations” (Cabinet Office Ordinance No. 27 of 2015), subsequent to February 28, 2017, DHR transferred the reserve for distribution of ¥14,748,347,148, which was the balance retained from gain on negative goodwill recognized in the past, to the reserve for temporary difference adjustments account. The Ordinance prescribes that, from the fiscal period following the period in which the amount is reserved, a minimum of 1% of the remaining balance shall be appropriated from reserve for temporary difference adjustments for cash distributions. Instead of appropriating the minimum amounts as set forth by the Ordinance, DHR appropriated the amounts equivalent to goodwill amortization expenses in accordance with the cash distribution policy set forth in the Articles of Incorporation from the fiscal period ended August 31, 2017.

In addition, for the fiscal period ended August 31, 2019, DHR sold one property and realized excess taxable income over accounting income. In order to distribute more than 90% of income available for distribution, DHR appropriated the amount equivalent to the tax-accounting mismatch.

For the fiscal period ended February 29, 2020, DHR sold five properties and realized excess taxable income over accounting income, while recognizing damages from Typhoon Faxai (No.15) at D Project Urayasu II. In order to distribute more than 90% of income available for distribution, DHR appropriated the amount equivalent to the tax-accounting mismatch, in addition to the amount equivalent to goodwill amortization expenses. DHR also appropriated part of the amount of the damages.

Thus, the amounts appropriated for distributions related to the periods ended August 31, 2019 and February 29, 2020 were ¥2,920,127,436 and ¥3,407,066,855, respectively, which were greater than the aforementioned minimum amounts as set forth by the Ordinance.

No cash distribution exceeding the income amount set forth in Article 37.2 of the bylaws of DHR shall be made.

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

	For the fiscal periods ended			
	August 31, 2019		February 29, 2020	
	(Yen)			
	Total	Per unit	Total	Per unit
Unappropriated retained earnings	¥9,166,085,941		¥9,125,933,145	
Reversal of voluntary reserve:				
Reserve for temporary difference adjustments	2,920,127,436		3,407,066,855	
Accumulation of voluntary reserve:				
Reserve for distribution	(107,238,377)		—	
Cash distributions	¥11,978,975,000	¥5,773	¥12,533,000,000	¥6,040
Retained earnings carried forward	¥—	¥—	¥—	¥—

Note 14 – Investment Corporation Bonds

The following summarizes the status of the DHR’s unsecured investment corporation bonds with special pari passu conditions among specified investment corporation bonds as of August 31, 2019 and February 29, 2020. The bonds are to be repaid on a lump-sum basis on the maturity date.

Bond series	Issue date	Maturity date	Interest rate	As of	
				August 31, 2019 (Yen in thousands)	February 29, 2020
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 2nd Unsecured Bonds	January 22, 2015	January 22, 2021	0.35%	3,000,000	3,000,000
Daiwa House Residential Investment Corporation 3rd Unsecured Bonds	January 22, 2015	January 22, 2025	0.67%	3,000,000	3,000,000
Daiwa House REIT Investment Corporation 5th Unsecured Bonds	December 20, 2016	December 20, 2021	0.24%	4,000,000	4,000,000
Daiwa House REIT Investment Corporation 6th Unsecured Bonds	December 20, 2016	December 18, 2026	0.57%	4,000,000	4,000,000
Daiwa House REIT Investment Corporation 7th Unsecured Bonds	July 30, 2018	July 30, 2030	0.69%	2,000,000	2,000,000
Daiwa House REIT Investment Corporation 8th Unsecured Bonds	July 30, 2018	July 30, 2038	1.03%	1,000,000	1,000,000
Daiwa House REIT Investment Corporation 9th Unsecured Bonds (Green Bonds)	November 25, 2019	November 22, 2029	0.53%	—	6,000,000
Total				¥19,000,000	¥25,000,000

Note 15 – Long-Term Loans

Long-term loans consist of borrowings from financial institutions under loan agreements. None of the loans are secured by collateral or guaranteed. The following table summarizes long-term loans as of August 31, 2019 and February 29, 2020.

	As of				
	Due date	August 31, 2019		February 29, 2020	
		(Yen in thousands)	Interest rate	(Yen in thousands)	Interest rate
Long-term loans:					
Fixed-rate loan	November 29, 2019	¥10,000,000	1.29%	¥—	—%
Floating-rate loan (*)	January 31, 2020	17,410,000	0.96	—	—
Fixed-rate loan	January 31, 2020	1,500,000	0.96	—	—
Fixed-rate loan	April 1, 2020	1,000,000	0.57	1,000,000	0.57
Floating-rate loan	March 31, 2020	6,900,000	0.21	6,900,000	0.22
Floating-rate loan (*)	January 31, 2021	3,500,000	0.90	3,500,000	0.90
Floating-rate loan (*)	April 1, 2021	3,000,000	1.05	3,000,000	1.05
Floating-rate loan (*)	November 30, 2021	7,000,000	0.51	7,000,000	0.51
Fixed-rate loan	April 30, 2021	9,500,000	0.40	9,500,000	0.40
Floating-rate loan (*)	January 31, 2022	6,858,000	0.61	6,858,000	0.61
Floating-rate loan (*)	April 28, 2022	10,000,000	0.66	10,000,000	0.66
Floating-rate loan (*)	December 28, 2022	10,500,000	0.59	10,500,000	0.59
Floating-rate loan (*)	April 1, 2022	3,500,000	1.21	3,500,000	1.21
Floating-rate loan (*)	October 3, 2022	3,000,000	0.87	3,000,000	0.87
Floating-rate loan (*)	September 28, 2022	4,000,000	0.65	4,000,000	0.65
Fixed-rate loan	September 9, 2022	1,000,000	0.43	1,000,000	0.43
Fixed-rate loan	April 28, 2022	6,500,000	0.42	6,500,000	0.42
Floating-rate loan	August 31, 2022	4,000,000	0.24	2,000,000	0.25
Floating-rate loan	October 31, 2022	6,000,000	0.29	2,000,000	0.30
Floating-rate loan (*)	March 27, 2023	2,000,000	1.50	2,000,000	1.50
Fixed-rate loan	September 29, 2023	1,000,000	1.00	1,000,000	1.00
Floating-rate loan (*)	October 2, 2023	4,000,000	0.99	4,000,000	0.99
Floating-rate loan (*)	May 31, 2023	4,000,000	0.71	4,000,000	0.71
Fixed-rate loan	March 31, 2023	10,400,000	0.41	10,400,000	0.41
Fixed-rate loan	September 29, 2023	10,000,000	0.57	10,000,000	0.57
Fixed-rate loan	March 31, 2023	1,000,000	0.44	1,000,000	0.44
Fixed-rate loan	September 29, 2023	1,000,000	0.43	1,000,000	0.43
Fixed-rate loan	January 31, 2024	2,000,000	0.88	2,000,000	0.88
Floating-rate loan (*)	April 1, 2024	3,000,000	1.52	3,000,000	1.52
Fixed-rate loan	September 30, 2024	1,000,000	0.73	1,000,000	0.73
Fixed-rate loan	March 29, 2024	11,000,000	0.48	11,000,000	0.48
Fixed-rate loan	March 29, 2024	1,000,000	0.55	1,000,000	0.55
Fixed-rate loan	April 30, 2024	5,000,000	0.52	5,000,000	0.52
Fixed-rate loan	October 31, 2024	8,100,000	0.39	8,100,000	0.39
Floating-rate loan (*)	October 1, 2025	4,000,000	1.23	4,000,000	1.23
Fixed-rate loan	October 1, 2025	3,000,000	1.18	3,000,000	1.18

Due date	As of		
	August 31, 2019 (Yen in thousands)	Interest rate	February 29, 2020 (Yen in thousands)
Floating-rate loan (*)	May 30, 2025	4,000,000	0.97
Fixed-rate loan	September 29, 2025	9,000,000	0.63
Fixed-rate loan	March 31, 2025	11,000,000	0.70
Fixed-rate loan	April 30, 2025	5,000,000	0.60
Fixed-rate loan	September 30, 2025	1,000,000	0.60
Fixed-rate loan	September 30, 2025	7,600,000	0.43
Floating-rate loan (*)	April 1, 2026	2,000,000	2.03
Floating-rate loan (*)	May 29, 2026	4,000,000	1.09
Fixed-rate loan	September 28, 2026	1,000,000	0.69
Fixed-rate loan	November 30, 2026	15,000,000	0.87
Fixed-rate loan	April 30, 2026	10,000,000	0.76
Fixed-rate loan	April 30, 2026	2,000,000	0.65
Fixed-rate loan	April 30, 2026	1,000,000	0.45
Fixed-rate loan	April 1, 2027	1,500,000	1.46
Fixed-rate loan	March 31, 2027	2,000,000	0.85
Fixed-rate loan	July 30, 2027	12,100,000	0.89
Fixed-rate loan	November 30, 2027	16,000,000	0.90
Fixed-rate loan	September 30, 2027	1,500,000	0.75
Fixed-rate loan	April 30, 2027	500,000	0.50
Fixed-rate loan	July 30, 2027	—	8,400,000
Fixed-rate loan	April 28, 2028	10,000,000	1.02
Fixed-rate loan	April 28, 2028	10,000,000	0.89
Fixed-rate loan	December 29, 2028	5,000,000	0.88
Fixed-rate loan	April 28, 2028	1,500,000	0.59
Floating-rate loan (*)	April 27, 2029	10,400,000	0.75
Floating-rate loan (*)	November 30, 2029	—	10,000,000
Fixed-rate loan	January 31, 2029	—	1,500,000
Floating-rate loan (*)	January 31, 2030	—	9,000,000
Total long-term loans		329,768,000	323,758,000
Less: current portion		(36,810,000)	(11,400,000)
Long-term loans, less current portion		¥292,958,000	¥312,358,000

(*) DHR entered into an interest-rate swap contract to hedge its exposure to interest rate fluctuation risk. The stated interest rate includes the effect of the interest-rate swap.

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

The repayment schedule for long-term loans subsequent to August 31, 2019 and February 29, 2020 is disclosed in Note 4 – “Financial Instruments.”

DHR has entered into a commitment line agreement with four financial institutions in order to secure flexible and stable financing. The status of the commitment line agreement as of August 31, 2019 and February 29, 2020 is as

follows:

Total amount of commitment line
Balance executed as loans
Unused line of credit

As of	
August 31, 2019	February 29, 2020
(Yen in thousands)	
¥25,000,000	¥25,000,000
—	—
¥25,000,000	¥25,000,000

Note 16 – Lease Transactions

Future minimum lease revenues under existing non-cancelable operating leases as of August 31, 2019 and February 29, 2020 are as follows:

As of	
August 31, 2019	February 29, 2020
(Yen in thousands)	
¥24,663,669	¥24,788,675
173,714,404	168,106,007
¥198,378,073	¥192,894,683

Due within one year
Due after one year
Total

(This part is intentionally left blank)

Note 17 – Deferred Income Taxes

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

(a) Significant Components of Deferred Tax Assets and Liabilities

As of	
August 31, 2019	February 29, 2020
(Yen in thousands)	
Deferred tax assets:	
Excess provision of allowance for doubtful accounts	¥311
Deferred interest income	293,333
Valuation difference at the time of merger (Long-term prepaid expenses, etc.)	40
Valuation difference at the time of merger (Land and Buildings)	2,584,908
Loss carryforward assumed at the time of merger	21,975
Asset retirement obligations	202,180
Deferred gains or losses on hedges	343,028
Amortization of fixed-term land lease rights	137,349
Other	9,110
Subtotal	3,592,239
Valuation reserve	(3,592,239)
Total deferred tax assets	—
Deferred tax liabilities:	
Valuation difference at the time of merger (Investment securities)	(720)
Valuation difference at the time of merger (Land and Buildings)	(14,006,896)
Asset retirement costs	(176,785)
Subtotal	(14,184,402)
Valuation reserve	14,184,402
Total deferred tax liabilities	—
Net deferred tax assets	¥—

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

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

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

	For the fiscal periods ended	
	August 31, 2019	February 29, 2020
Statutory tax rate	31.51%	31.51%
Adjustments:		
Tax-deductible cash distributions paid	(41.18)	(42.53)
Use of loss carryforward assumed at the time of merger	(1.51)	—
Amortization of goodwill	6.81	6.84
Change in valuation allowance	4.35	4.16
Other	0.01	0.02
Effective tax rate	0.01%	0.01%

(This part is intentionally left blank)

Note 18 – Gain on Sale of Investment Properties

For the period ended August 31, 2019, DHR sold one investment property and reported a gain as follows:

For the fiscal period ended	
August 31, 2019	
(Yen in thousands)	
D Project Shin-Misato	
Proceeds from sale of investment properties	¥5,755,000
Cost of investment properties sold	5,584,343
Other sales expenses	15,687
Gain on sale of investment properties	¥154,968

For the period ended February 29, 2020, DHR sold five investment properties and reported gains as follows:

For the fiscal period ended	
February 29, 2020	
(Yen in thousands)	
D Project Gifu	
Proceeds from sale of investment properties	¥1,171,000
Cost of investment properties sold	1,065,888
Other sales expenses	4,227
Gain on sale of investment properties	¥100,883
D Project Sapporo Minami	
Proceeds from sale of investment properties	¥863,000
Cost of investment properties sold	781,613
Other sales expenses	3,457
Gain on sale of investment properties	¥77,929
D Project Sendai Minami	
Proceeds from sale of investment properties	¥1,581,000
Cost of investment properties sold	1,509,983
Other sales expenses	5,252
Gain on sale of investment properties	¥65,763
D Project Gotenba	
Proceeds from sale of investment properties	¥1,141,000
Cost of investment properties sold	1,107,701
Other sales expenses	4,152
Gain on sale of investment properties	¥29,146
D Project Nishi-Hiroshima	
Proceeds from sale of investment properties	¥1,211,000
Cost of investment properties sold	1,173,026
Other sales expenses	5,627
Gain on sale of investment properties	¥32,346

Note 19 – Per Unit Information

Earnings per unit for the periods ended August 31, 2019 and February 29, 2020 and net assets per unit as of August 31, 2019 and February 29, 2020 are as follows:

	For the fiscal periods ended	
	August 31, 2019	February 29, 2020
	(Yen)	
Earnings per unit:		
Net income per unit	¥4,420	¥4,398
Weighted average number of units outstanding (units)	2,073,641	2,075,000
 As of		
	August 31, 2019	February 29, 2020
	(Yen)	
Net assets per unit	¥223,214	¥221,851

Net income per unit is calculated by dividing net income by the weighted average number of investment units during the period. Net assets per unit are calculated by dividing net assets by the number of units outstanding at each balance sheet date. Diluted earnings per unit are not disclosed since there were no diluted units.

Note 20 – Related-Party Transactions

Related-party transactions for the periods ended August 31, 2019 and February 29, 2020 are as follows:

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

Note 21 – Segment Information**(a) Segment Information**

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

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

Since operating revenues from external customers for a single segment of product and service account for over 90% of total operating revenues in DHR's statements of income and retained earnings for the periods ended August 31, 2019 and February 29, 2020, information about products and services has been omitted.

Information about geographic areas(1) **Operating revenues**

Since operating revenues from external customers within Japan account for over 90% of total operating revenues in DHR's statements of income and retained earnings for the periods ended August 31, 2019 and February 29, 2020, information about geographic areas has been omitted.

(2) **Investment properties**

Since over 90% of total investment properties on the balance sheets as of August 31, 2019 and February 29, 2020, are located within Japan, information about geographic areas on such investment properties has been omitted.

Information about major customers

Since there is not any customer accounting for 10% or more of total operating revenues in DHR's statements of income and retained earnings for the periods ended August 31, 2019 and February 29, 2020, information about major customers has been omitted.

Note 22 – Accounting Standards Issued But Not Yet Applied

As of February 29, 2020, DHR has not yet applied the following accounting standards and their implementation guidance.

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

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

“Implementation Guidance on Accounting Standard for Revenue Recognition” (ASBJ Guidance No. 30, March 31, 2020)

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

(1) Overview

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

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

(2) Scheduled date of application

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

(3) Effect of application of the new accounting standard

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

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

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

“Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, July 4, 2019)

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

(1) Overview

Developing accounting standards for fair value measurement, IASB and FASB issued new common fair value measurement in May 2011 (IFRS 13 by IASB and update to Topic 820 by FASB). IFRS 13 became effective from

fiscal periods beginning on or after January 1, 2013 and Topic 820 became effective from fiscal periods beginning after December 15, 2011. Under these circumstances, ASBJ also developed an accounting standard for fair value measurement and issued a new standard together with its implementation guidance.

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

(2) Scheduled date of application

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

(3) Effect of application of the new accounting standard

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

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

At the Board of Directors’ meetings held on February 7, 2020 and on February 19, 2020, it was resolved to issue new investment units. The proceeds from the issuance of new investment units through a public offering were fully received on March 2, 2020.

After the issuance, unitholders’ capital increased to ¥231,766 million and the number of investment units issued and outstanding came to 2,196,000 units.

With respect to the issuance of new investment units through third-party allotment in connection with the secondary offering through over-allotment, DHR received notice from Nomura Securities Co., Ltd., the allottee, to the effect that it will not subscribe to any of the new investment units to be issued, by the subscription date, March 23, 2020, and the issuance of new investment units through third-party allotment as described above was not conducted.

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

Number of new investment units issued:	121,000 units (76,200 units in Japan and 44,800 units overseas)
Issue price:	¥283,670 per unit
Total issue price:	¥34,324,070,000
Amount paid in (issue value):	¥274,986 per unit
Total amount paid in (issue value):	¥33,273,306,000
Payment date:	March 2, 2020

(b) Acquisition of Investment Properties

DHR acquired trust beneficiary interests in the following properties.

Property name	Acquisition price (Note 1) (Yen in thousands)		Asset class	Seller (Note 2)	Acquisition date
DPL Nagareyama I	¥ 32,600,000		Logistics	Kabushiki Kaisha Nagareyama Kyodo Kaihatsu	April 3, 2020
iias Tsukuba (additional acquisition of 70% quasi co-ownership) (Note 3)	23,800,000		Retail	Daiwa House Industry Co., Ltd.	April 1, 2020
GRANODE Hiroshima (50% quasi co-ownership)	14,400,000		Other	Daiwa House Industry Co., Ltd.	April 3, 2020

Notes:

1. The acquisition prices do not include acquisition-related expenses, taxes and dues adjustments at settlement and consumption taxes.
2. The sellers of the assets are each deemed as an interested party as defined in the Investment Trust Act: i) Kabushiki Kaisha Nagareyama Kyodo Kaihatsu, the seller of DPL Nagareyama I and ii) Daiwa House Industry Co., Ltd., the seller of iias Tsukuba and GRANODE Hiroshima. The Asset Manager has gone through the necessary discussion and approval procedures in accordance with the Asset Manager's internal rules on transactions with interested parties.
3. Regarding iias Tsukuba, DHR acquired 30% quasi co-ownership on April 5, 2019, and the additional acquisition of 70% quasi co-ownership resulted in DHR's 100% ownership of this property.

(c) Borrowing of Funds and Repayment of Loans

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

	Loan amount (Yen in millions)	Interest rate	Loan execution date	Due date
Short-term loans:				
Floating-rate loan	¥1,250	1-month TIBOR + 0.175%	April 1, 2020	April 1, 2021
Floating-rate loan	1,250	1-month TIBOR + 0.175%	April 1, 2020	April 1, 2021
Floating-rate loan	1,250	1-month TIBOR + 0.175%	April 1, 2020	April 1, 2021
Floating-rate loan	1,250	1-month TIBOR + 0.175%	April 1, 2020	April 1, 2021

	Loan amount (Yen in millions)	Interest rate	Loan execution date	Due date
Long-term loans:				
Fixed-rate loan	6,000	0.34774%	April 3, 2020	October 31, 2024
Fixed-rate loan	500	0.400%	April 3, 2020	March 31, 2026
Fixed-rate loan	500	0.410%	April 3, 2020	September 30, 2026
Fixed-rate loan	1,000	0.50981%	April 3, 2020	September 29, 2028
Floating-rate loan (*)	5,000	0.509%	April 3, 2020	April 27, 2029
Floating-rate loan (*)	10,000	0.615%	April 3, 2020	April 30, 2030

(*) 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.

VII. Independent Auditor's Report



Ernst & Young ShinNihon LLC
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Tokyo 100-0006, Japan

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Independent Auditor's Report

The Board of Directors
Daiwa House REIT Investment Corporation

We have audited the accompanying financial statements of Daiwa House REIT Investment Corporation, which comprise the balance sheets as at February 29, 2020 and August 31, 2019, and the statements of income and retained earnings, changes in net assets, and cash flows for the six-month periods then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility 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 designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. The purpose of an audit of the financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Daiwa House REIT Investment Corporation as at February 29, 2020 and August 31, 2019, and its financial performance and cash flows for the six-month periods then ended in conformity with accounting principles generally accepted in Japan.

Ernst & Young ShinNihon LLC

May 27, 2020
Tokyo, Japan

Investor Information

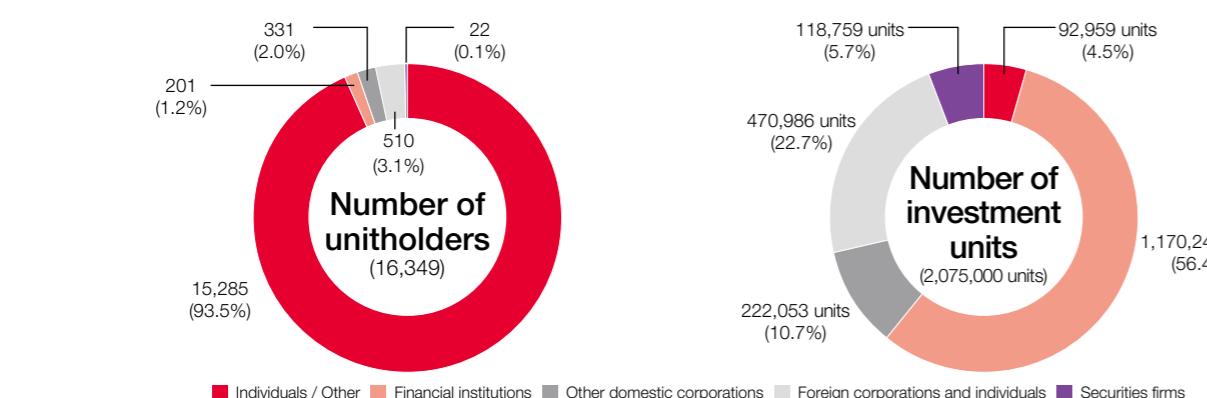
Investment Unit Price



(Note) A 2-for-1 split of investment units was implemented on two occasions, effective as of March 1, 2013 and March 1, 2014.

(Note) A 2-for-1 split of investment units was implemented on two occasions, effective as of March 1, 2013 and March 1, 2015. With regard to investment unit price and trading volume until February 25, 2013, the value shown for investment unit price is divided by four, while the value shown for trading volume is multiplied by four in consideration of the said split of investment units. Furthermore, from February 26, 2013 to February 24, 2015, the value shown for investment unit price is divided by two, and the value shown for trading volume is multiplied by two.

Unitholders Data (as of February 29, 2020)



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

Outline of the Asset Manager

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

Procedures for Changes of Address, etc.

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

Receipt of Distributions

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

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

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 supporting 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.

[Contact address for inquiries on submitting My Number]

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

Note for Unitholders

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