

Daiwa House REIT

Leveraging comprehensive strengths of Daiwa House Group
and aiming to continuously increase unitholder value

Sustainability Report 2024

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Editorial Policy

This report describes the overall efforts of Daiwa House REIT Investment Corporation (hereinafter referred to as “DHR”) and its asset manager, Daiwa House Asset Management Co., Ltd. (hereinafter referred to as the “Asset Manager”) to contribute to the realization of a sustainable society and to maximize unitholder value over the medium to long term.

This report has been prepared based on information on the website as of August 2024. For the latest information thereafter, please refer to the website, which will be updated as needed.

This report contains forward-looking statements, but these statements are based on judgments made with information available at the time each material was prepared, and are not guarantees of future financial results.

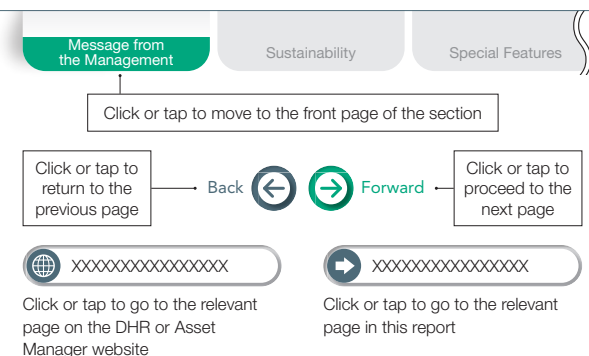
Yen amounts of less than the units indicated are truncated in this report.

Issue Date	: August 2024 (Issue frequency: Annually, Next issue: August 2025 (subject to change))
Coverage	: In general, Daiwa House REIT Investment Corporation and Daiwa House Asset Management Co., Ltd.
Period	: April 2023–March 2024 (including details of activities before or after as necessary)
Reference Guidelines	: GRI “Sustainability Reporting Standards” Ministry of the Environment “Environmental Reporting Guidelines 2018” Task Force on Climate-related Financial Disclosures (TCFD) “Final Report: Recommendations of the Task Force on Climate-related Financial Disclosures” Taskforce on Nature-related Financial Disclosures (TNFD) “Final Recommendations v1.0”
Third Party Verification: and Assurance	: Verification and assurance based on International Standard on Assurance Engagements (ISAE) 3000 “Assurance Engagements Other than Audits or Reviews of Historical Financial Information” Verification and assurance based on International Standard on Assurance Engagements (ISAE) 3410 “Assurance Engagements on Greenhouse Gas Statements”



Navigating This Report

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Message from the Management

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Executive Director
Daiwa House REIT
Investment Corporation



Koichi Tsuchida

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



DHR will work to continuously increase unitholder value by ensuring stable revenue and steady growth of its assets over the medium to long term by fully utilizing Daiwa House Group's comprehensive strengths and knowhow regarding real-estate development.

Daiwa House REIT Investment Corporation's Sustainability Policy and Strategy
Aiming to ensure stable revenue and steady growth of assets over the medium to long term, we will strive to manage assets in a manner that embraces ESG considerations while appropriately disclosing such performance

Daiwa House REIT Investment Corporation and its asset manager, Daiwa House Asset Management Co., Ltd., share the Daiwa House Group's basic approach of "Creating Dreams, Building Hearts." To attain a sustainable society, it is essential that we include environmental, social, and governance ("ESG") considerations in real estate investment management operations. We also believe that this will contribute to ensuring stable revenue and achieving steady asset growth over the medium to long term, which is DHR's basic policy. As such, the Asset Manager established the Sustainability Policy in April 2017, and has been applying it to its real estate investment management business. Additionally, DHR's growth strategy calls for efforts to increase unitholder value by combining business (economic) value and social (non-financial) value. Strategies to increase social (non-financial) value include (1) improving ESG ratings from GRESB, CDP, and other third-party organizations, (2) reducing greenhouse gas (GHG) emissions, (3) promoting the conservation

of biodiversity, (4) reducing asset management risk through the Asset Manager's human capital and health management, and (5) committing to increasing social value by introducing sustainability index-linked fees. This constitutes our Sustainability Report, prepared for providing an opportunity for unitholders and other stakeholders to learn more about the various ESG initiatives and approaches implemented by DHR and the Asset Manager thus far. Going forward, DHR will continue striving to further enhance its ESG initiatives with respect to its real estate investment management business, while endeavoring to appropriately disclose such performance.

Acquiring External Evaluation

We aim to acquire external evaluation and improve assessment results in order to achieve greater objectivity and reliability with respect to our sustainability initiatives

DHR was recognized as a climate change A List company for the third consecutive year under the 2023 CDP Climate Change Program, receiving the highest score of A in recognition of our high standards internationally

when it comes to addressing issues of climate change and disclosing information in that regard. For the second consecutive year, DHR was awarded the highest rating of 5 Stars for the 2023 GRESB Real Estate Assessment, and was also selected as Global Listed Sector Leader in the listed diversified real estate sector and as "Regional Sector Leader" in the Asia/diversified real estate sector. DHR was selected for the first time as a component company of the Dow Jones Sustainability Asia/Pacific Index, covering the Asia-Pacific region in the Dow Jones Sustainability Indices, a leading global equity index on sustainability.

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

At the Fifth ESG Finance Awards Japan, DHR was recognized as an Environmentally Sustainable Company for the second consecutive year as a company meeting certain standards in terms of level of disclosure fulfillment, and became the first J-REIT awarded "Progressive Company in Environmental Disclosure," as a company with a high degree of disclosure improvement and expected to make further progress.

Biodiversity Initiatives

We believe climate change and biodiversity are important social issues that must be addressed. By joining initiatives related to the above and gathering information, we will continue to actively work on solving social issues.

In August 2023, the Asset Manager became the first J-REIT asset manager to join the TNFD Forum, which endorses the philosophy of the Taskforce on Nature-related Financial Disclosures (TNFD) and supports its activities. Additionally, in December 2023, DHR became the first J-REIT to register as a TNFD Adopter, indicating its intention to make disclosures based on the TNFD Recommendations.

In January 2024, DHR also referenced the final TNFD Recommendation Version v1.0 issued by the TNFD in September 2023 and disclosed information on its approach and current initiatives regarding natural capital and biodiversity in line with the TNFD Recommendations.

Sustainability Policy

■ Policy and Basic Approach

Sustainability Policy

The Daiwa House Group's basic approach is "Creating Dreams, Building Hearts." As a group that co-creates value for individuals, communities and people's lifestyles, the Daiwa House Group aims to build trusting relationships with stakeholders and contribute to society through its businesses, and to realize a sustainable society by meeting the challenge of achieving "zero environmental impacts." Daiwa House Asset Management Co., Ltd. shares the Daiwa House Group's basic approach as DHR's asset manager, and considers that including consideration for ESG in its real estate investment management operations contributes to DHR's basic policy of ensuring stable revenue and steady growth of assets over the medium to long term. Therefore, we have established the following "Sustainability Policy" to guide our real estate investment management.

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 (protecting water resources, reducing waste)

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.

5. Establishment of an internal framework and initiatives for employees

We will establish an internal framework for promoting sustainability and take steps to develop human resources by conducting regular education and training for employees. We will also aim to create workplaces where people can work safely and healthily, and workplaces where diverse employees can work flexibly. (Note 1)

6. Building of trusting relationships with external stakeholders

We will aim to build trusting 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. (Note 2)

7. Promotion of communication through information disclosure

We will proactively disclose ESG-related information and utilize dialogues with stakeholders, such as investors, in our future business activities. Furthermore, we will aim for continuous acquisition of Green Building Certification. (Note 2)

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.

(Note 1) Sustainability training is provided in order for employees to understand the impact of their business activities on the environment.

(Note 2) Training and engagements are conducted to raise the awareness of internal and external stakeholders on environmental management policies and environmental impacts.

The Asset Manager confirms the following items when considering a property acquisition.

Item	Confirmation details
Disaster risk (excluding seismic motion)	- Risk of flooding, landslides, tsunamis, liquefaction, etc. In particular, flooding risks are identified based on elevation and ground floor elevation - Status of response during design/construction, if necessary - Status of response to flooding risk, if any
Environmental certifications	Acquisition of environmental certifications (BELS, CASBEE, DBJ Green Building Certification, LEED, etc.)
Energy data	- Usage of energy data (electricity, gas, water, and waste) - Impact on portfolio (if data can be acquired)
Green lease agreements	Status of green lease agreements
Compliance with environmental laws and regulations	Compliance with environmental laws and regulations such as the Building Energy Conservation Act, Energy Conservation Act, Fluorocarbon Emissions Control Act, Tokyo Metropolitan Environmental Security Ordinance and other local government ordinances regarding global warming, Waste Disposal Act, etc.

The property acquisition process is subject to internal audits and third-party reviews after acquisitions. (FY2023)

Compliance with Environmental Laws and Regulations

Based on reports from property management (PM) companies and building management (BM) companies regarding environmental laws and regulations pertaining to DHR's business activities, DHR has confirmed that there are no omissions of reporting or violations of laws and regulations.

There were no guidance matters or lawsuits from the relevant authorities regarding violations, etc. (FY2023)

Materiality

Materiality Identification Process

DHR and the Asset Manager use the following process for materiality identification in order to identify and assess the dependency on external stakeholders related to business activities, products and services, and their supply chains as well as the impact of the dependency.



Quantitative indicators related to key issues are used to assess the dependency and impact of DHR and the Asset Manager on stakeholders.

We have a system in place to review the materiality analysis annually and report to the Sustainability Committee, Compliance Committee, and Board of Directors of the Asset Manager, as well as to the Board of Directors of DHR.

We set KPIs, targets, or indicators (management items) related to materiality, and we monitor and disclose their progress every year. Our commitment is reinforced by linking the remuneration of the Executive Officer of DHR and the Board of Directors of the Asset Manager to the relevant targets or assessment indicators.

	Priority issues	Management items	Subjects	Targets/KPIs	Reasons for selecting management items, targets, and KPIs	Results	Assessment of the impact of the performance on DHR, the Asset Manager, and stakeholders	Strategies to achieve targets	Related SDGs
Environment	Response to climate change	GHG emissions	DHR	i) Reduce total GHG emissions (Scope 1+2) by 42% (compared to FY2020) by FY2030 *SBT (February 2022) ii) Achieve net zero total GHG emissions (value chain) by FY2050 *SBT (August 2022)	Selected this item with the intention of reducing GHG emissions, which have been a major factor behind climate change, thought to be the cause of the increase in climate disasters in recent years occurring around the world and across Japan.	i) Reduction by 97.4% (FY2023) ii) –	i) GHG emissions are decreasing due to the promotion of energy-saving measures, the introduction of renewable energy and the purchase of non-fossil certificates. ii) –	- Promoting ZEB conversion of portfolio properties - Setting internal carbon pricing to use as an incentive for low-carbon promotion works, guidelines for investment decision making, and a reference index to identify risks of future rising costs - Purchase of non-fossil certificates - Investing in solar power generation equipment - Promotion of LED lighting	 
	Response to biodiversity	Biodiversity-related certifications	DHR	5 or more properties to have obtained biodiversity-related certification by FY2030	Selected in consideration of the impact on business from rising biodiversity needs of customers.	2 properties (As of March 31, 2024)	Although the number of certifications acquired is still small, we will capitalize on the knowledge gained from the certification process in our future activities.	Considering the impact on local ecosystems, mainly for properties located in high-priority areas for biodiversity conservation, using native tree species instead of invasive alien species, and implementing environmentally friendly maintenance and management	   
	Promoting the acquisition of environmental certifications for portfolio properties	Green building certifications	DHR	An environmental certification acquisition ratio (based on a gross floor area) of 75% or higher by FY2030	Selected to increase the objectivity and reliability of the initiatives in reducing the environmental burden of portfolio properties and improve the asset value over the medium to long term.	73.7% (As of March 31, 2024)	The target was achieved ahead of schedule and has been reset to "75% or more by FY2030."	Promoting energy-saving through initiatives such as the conversion to LED lighting and the adoption of power-saving air conditioning equipment and water conservation equipment	  
	Implementing initiatives to cooperate with tenants to reduce environmental impact	Percentage of green lease agreements signed	DHR	Increase the percentage of green lease agreements (based on a gross floor area) to 100% by FY2030	Selected the percentage of green lease agreements signed (based on a gross floor area) with the aim of cooperating with tenants to improve the environmental performance of the portfolio properties.	99.7% (As of March 31, 2024)	A new target has been set to achieve "100% by FY2030."	Promoting a higher contract conclusion rate by having the Asset Manager's staff in charge of asset management and sponsor's staff in charge of properties conduct negotiations with tenants in addition to the negotiations carried out by the staff of property management companies	  
	Efficient use of water resources at portfolio properties	Water consumption	DHR	Reduce consumption rate to the consumption intensity of FY2017 (base year) (0.8205 m³/m²) or less (10-year period from 2018 to 2027)	Selected because the water supply is expected to become unstable as a result of climate change, and it is becoming more important to conserve aquatic environments around the world.	0.5693 m³/m² (FY2023)	While the intensity is decreasing compared to the base year (FY2017) due to the installation of water conservation equipment, the total amount is increasing due to an increase in the number of portfolio properties and an increase in the coverage ratio.	- Effective use of rainwater, groundwater, and greywater - Adoption of water conservation equipment - Monitoring real estate investments in areas with high or very high water stress	  
	Reducing waste and increasing recycling rates at portfolio properties	Waste recycling rate	DHR	Improve recycling rate to the rate of FY2017 (base year) (64.2%) or higher (10-year period from 2018 to 2027)	Selected because the increasing world population and other factors are triggering a substantial rise in consumption of global natural resources, and resource depletion and the negative impacts of waste on the environment are becoming more severe.	71.5% (FY2023)	While the recycling rate is increasing compared to the base year (FY2017) due to the promotion of recycling, the total amount of waste is increasing due to an increase in the number of portfolio properties and an increase in the coverage ratio.	- Displaying posters to promote recycling - Promoting recycling through sorting	 

Materiality

Priority issues	Management items	Subjects	Targets/KPIs	Reasons for selecting management items, targets, and KPIs	Results	Assessment of the impact of the performance on DHR, the Asset Manager, and stakeholders	Strategies to achieve targets	Related SDGs
Social	Enhancing employee engagement	eNPS score	Asset Manager Improve the score to -8 or higher (FY2030)	Selected this item as a key indicator to gauge employee satisfaction, ease of working, and job satisfaction based on our belief that it is the Asset Manager's "human resources" that supports the stable and continuous growth of DHR. Engaged in this initiative to build a better workplace environment by conducting a third-party eNPS survey targeting officers and employees (including fixed-term, temporary, and part-time employees) to explain the scores and provide feedback.	-13 (FY2023)	Continues to be highly rated.	• Increase the salary levels of employees and establish a wellness leave system, childcare leave benefits, return-to-work benefits, and a program to provide allowance for replacing work of coworkers on long-term leave, with the aim of achieving a good balance between job satisfaction and ease of work • In an attempt to strengthen our commitment to achieving our goals, we have established a remuneration structure whereby the remuneration of directors at the Asset Manager is linked to the "employee engagement with the company" score in the "Engagement Survey" conducted annually by the Daiwa House Group	 
		Turnover	Asset Manager Improve the percentage to 0% (FY2030)		4.3% (FY2023)	Although turnover has risen compared to FY2022, it still remains low.		
		Average tenure of employees	Asset Manager Improve the average tenure to 10 years or more (FY2030)		6.0 years (FY2023)	Although the average tenure has shortened due to an increase in new hires as a result of business expansion, turnover has remained low.		
	Developing Human Resources	i) Per capita training hours for officers and employees ii) Per capita training cost for officers and employees	Asset Manager No quantitative targets: confirmation item	Selected this item because we believe it is important to develop human resources to support the growth of DHR and the Asset Manager.	i) 33.8 hours per person annually ii) ¥33,701 per person annually (FY2023)	Training hours and training cost have maintained a high level. Officers and employees of the Asset Manager serve as instructors, preparing training materials and tests, and conduct effective training, such as proprietary training.	—	 
	Promoting a healthy, comfortable working environment and work-life balance	Percentage of male employees taking childcare leave	Asset Manager Improve the percentage to 100% (FY2030)	Selected this item because we believe that sharing the burdens of childcare and housework, which tend to fall disproportionately on the shoulders of the female partner, will help to address the issue of the declining birthrate by increasing women's willingness to have children and continue working. It will also lead to work-style reform at the Asset Manager.	100% (FY2023)	We have achieved a high level.	• We are supporting male officers and employees who take childcare leave by providing a childcare leave benefits (100,000–300,000 yen) corresponding to the number of days of childcare leave taken. • We are encouraging employees to take paid leave through the introduction of planned annual paid leave, paid leave by the hour, wellness leave, home holidays (planned quarterly paid leave), and other programs • The introduction of a flextime system • Monitoring and reporting to the Asset Manager's Health Committee, Sustainability Committee, Compliance Committee, and Board of Directors, as well as the DHR Board of Directors, all of which meet on a monthly basis	 
		Percentage of paid leave taken	Asset Manager Improve the percentage to 85% (FY2030)	Selected this item out of our belief in the importance of accommodating diverse work styles and being considerate of employees' health and lifestyles—such as by improving working hours, days off, and ensuring employees actually use their days of annual leave—if we are to achieve work-life balance.	74.9% (FY2023)	The introduction of flextime system in October 2023 enabled flexible work styles, bringing the percentage of paid leave taken to 74.9%.		
		Monthly average overtime hours	Asset Manager No quantitative targets: confirmation item		14.4 hours (FY2023)	The introduction of flextime system in October 2023 enabled flexible work styles, bringing the average amount of overtime to 14.4 hours per month.		
	Promotion of diversity	Ratio of female officers	DHR No quantitative targets: confirmation item		33.3% (FY2023)	Stayed at the same level with FY2022 result	—	 
		Ratio of female managers	Asset Manager i) Improve the percentage of female managers (senior manager and above) to 39% or more (FY2030) ii) Improve the percentage of female line managers (group leader and above) to 20% or more (FY2030)	Given the challenges presented by the diminishing workforce resulting from the declining birthrate and aging population, selected this item because we believe it is essential to expand opportunities for women to play an active role and increase the working population in order to raise corporate productivity.	i) 21.4% ii) 6.3% (FY2023)	i) Improved from 20.7% (FY2022 result). ii) Improved from 0% (FY2022 result).	• Provide corporate management training for female leaders • Create an environment in which men and women can share the burdens of housework, childcare, etc., and strike a balance between life events and building a career • Support female officers and employees who return to work after taking childcare leave by providing return-to-work benefits (300,000–1,000,000 yen) based on the time when they returned to work	 
	Respect for human rights	Number of reports about labor-related issues, discrimination, harassment, etc.	Asset Manager No quantitative targets: confirmation item	Selected the number of reports as a confirmation item because we believe it is an important indicator to measure employee satisfaction and comfort of working, and because we believe it contributes to the development of a society in which human rights are respected through business.	1 (FY2023)	The Asset Manager had no significant labor-related issues, discrimination, or harassment that would influence stakeholders.	—	
	Improvement in the health, comfort, and convenience of tenants	Tenant satisfaction surveys	Investment Corporation Conducted approximately once every 3 years No quantitative targets: confirmation item	Selected in the belief that increasing tenant satisfaction leads to stable and improved property-operating performance.	Around 71% of tenants gave their property a "7" or higher out of an evaluation scale up to 11 overall, and around 62% of tenants gave their property a "7" or higher as to whether they would recommend the property to others (in February 2022).	We received a positive evaluation according to questionnaires given out to 119 residential properties (8,386 units) by a third-party organization.	—	 

Materiality

	Priority issues	Management items	Subjects	Targets/KPIs	Reasons for selecting management items, targets, and KPIs	Results	Assessment of the impact of the performance on DHR, the Asset Manager, and stakeholders	Strategies to achieve targets	Related SDGs
Governance	Construction of an internal control system and BCP response	Number of compliance training held	Asset Manager	No quantitative targets: confirmation item	Selected this item as a confirmation item in the belief that all officers and employees (including fixed-term, temporary, and part-time employees) need to undergo compliance training on a continual basis to ensure a high level of awareness of the need for their actions to be undertaken in the best interests of investors.	13 (FY2023)	We are continually working to improve the knowledge and cultivate mindsets about compliance among officers and employees through internal and external compliance training.	—	
		Number of risk assessments carried out	Asset Manager	No quantitative targets: confirmation item	Conducted risk assessments and set the number of times as a confirmation item in order to accurately understand the various risks inherent in the operations of the Asset Manager and to properly manage the losses that may arise from the realization of these risks.	3 (FY2023)	We have reported the results of the risk management self-checking and verification to the Asset Manager's Compliance Committee and Board of Directors, as well as the DHR Board of Directors, and have a system in which the initiatives are functioning effectively.	—	
		Number of times safety confirmation drills held	Asset Manager	No quantitative targets: confirmation item	Adopted an online safety confirmation system and set the number of times that safety confirmation system drills have been conducted as a confirmation item to swiftly ascertain the post-disaster status and safety of officers and employees at the time of disaster as part of corporate crisis management.	1 (FY2023)	In addition to the safety confirmation, we have created an "Emergency Response Manual," drafted a "BCP: Initial Response Manual," and taken other measures to develop a system to ensure the continuity of DHR business operations in the event of natural disasters such as large-scale earthquakes, as well as accidents, crimes, etc.	—	
		Number of internal audits carried out	Asset Manager	No quantitative targets: confirmation item	Conducted internal audits to examine and assess whether the operations of each of the Asset Manager's departments are legitimate and in compliance with laws, regulations and the company's internal regulations and policies, etc. In addition, based on the results of internal audits, we make recommendations for improvements and greater efficiency to the audited departments, thereby contributing to ensuring the appropriateness of the Asset Manager's operations and the soundness of its management. Therefore, we have set the number of internal audits carried out as a confirmation item.	16 (Note) (FY2023)	Whenever any faults are detected, we are presented with corrective and remedial measures that prompt appropriate and concrete actions.	—	
		Number of external inspections of internal management systems	Asset Manager	No quantitative targets: confirmation item	Commissioned a third-party organization to investigate whether the Asset Manager's internal control systems have been properly constructed and are functioning effectively and appropriately, and set the number of external inspections of internal control systems as a confirmation item.	2 (FY2023)	We have reported the contents of the survey results to the Asset Manager's Compliance Committee and Board of Directors, as well as the DHR Board of Directors, and have a system in which the initiatives for improvement are functioning effectively.	—	
		Number of targeted email attack drills for officers and employees	Asset Manager	No quantitative targets: confirmation item	Selected the number of times such drills are conducted as a confirmation item by regularly conducting "targeted email attack drills" in which we send fake targeted attack emails to officers and employees to check whether they are able to correctly identify suspicious emails and evade the attacks, as well as to see whether there are any problems with the reporting and communication system for suspicious emails.	1 (FY2023)	We participated in the Daiwa House Group joint "targeted email attack drills," and have shared and confirmed the results with the entire Asset Manager company, including the President and CEO.	—	
	Stakeholder engagement and timely and appropriate information disclosure	Number of completed IR activities (including online meetings and telephone/web conferences)	Asset Manager	No quantitative targets: confirmation item	Selected the number of IR activities as a confirmation item because we seek to meet society's needs through active disclosure and dialogue with investors and unitholders.	219 (FY2023)	Opinions and requests pertaining to sustainability received through dialogue with unitholders and investors are reported to the Board of Directors of the Asset Manager and the DHR Board of Directors twice annually, and management personnel provide timely and appropriate feedback in an effort to further increase our corporate value.	—	
	Reinforcement of governance	Sustainability assessment by external expert advisors	Asset Manager	No quantitative targets: confirmation item	Selected the overall evaluation as a confirmation item because we receive an evaluation of each item (committee operation, governance, commitment from management, internal permeation and education, etc. to officers and employees, materiality, targets and performance related to energy, information disclosure, engagement, concrete initiatives, and participation in various initiatives) as well as an overall evaluation and general comments from outside expert advisors of the Sustainability Committee, which meets monthly at the Asset Manager.	Perfect 5/5 points (FY2023)	Although we received a positive evaluation from the outside expert adviser who participated in all 12 meetings of the Sustainability Committee held in FY2023, we also received feedback that "It would be good to consider a process to periodically review the materialities." For this reason, we have reviewed the materialities and disclosed the information this time.	—	

(Note) The figure shown is the total number of audits conducted for each department and the theme-based audits.

Supported Initiatives

DHR and the Asset Manager believe climate change; human rights; diversity, equity, and inclusion; and biodiversity are particularly important social issues to address to attain a sustainable society. By joining the initiatives related to the above, we will continue to actively work on solving social issues.

United Nations Global Compact (UNGC)

United Nations Global Compact (UNGC)

Human rights

Diversity and inclusion

Climate Change

Biodiversity

(Asset Manager)

Signatory of:



Principles for Responsible Investment (PRI)

Overall ESG

(Asset Manager)



Task Force on Climate-related Financial Disclosures (TCFD)

Climate Change

(Asset Manager)



TCFD Consortium

Climate Change

(Asset Manager)



Japan Climate Initiative (JCI)

Climate Change

(DHR/Asset Manager)



First in J-REITs

Science Based Targets

Climate Change

(DHR)



First in J-REITs

RE Action – Declaring 100% Renewable

Climate Change

(DHR)



First in J-REITs

Race to Zero

Climate Change

(DHR)



Principles for Financial Action for the 21st Century

Climate Change

(Asset Manager)

World Wide Fund for Nature (WWF) Japan

World Wide Fund for Nature (WWF) Japan

Climate Change

Biodiversity

(Asset Manager)



First in J-REITs

Japan Business Initiative for Biodiversity (JBIB)

Biodiversity

(Asset Manager)



First in J-REITs

30 by 30 Alliance for Biodiversity

Biodiversity

(Asset Manager)



First in J-REITs

TNFD Forum

Biodiversity

(Asset Manager)



New

First in J-REITs

TNFD Early Adopter

Biodiversity

(DHR)



Eco Action 21

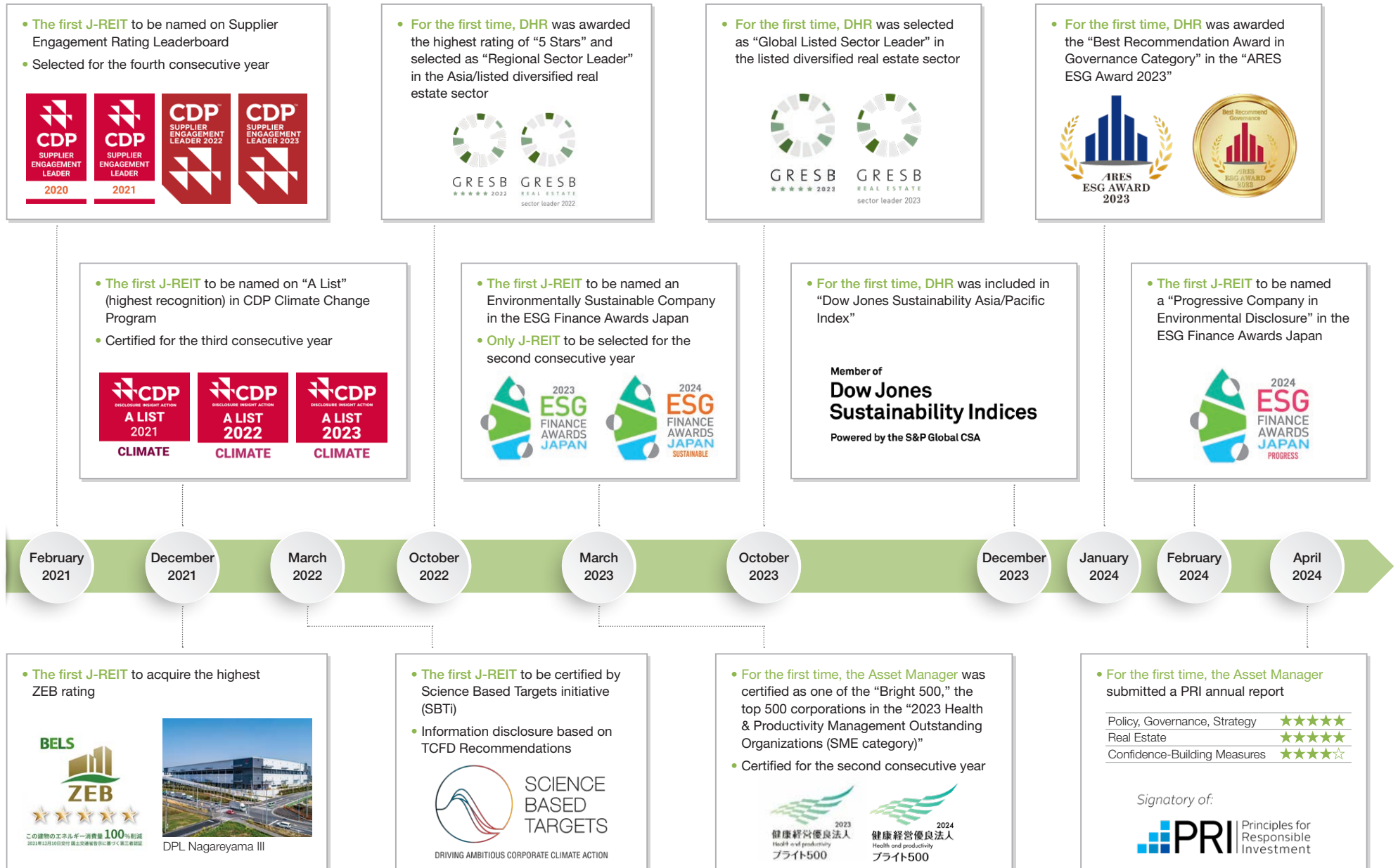
Environmental management system

(DHR/Asset Manager)

 For overviews of individual initiatives, click the relevant organization's logo to visit its website.

Leading-edge ESG-related Initiatives (1)

External certifications and evaluations



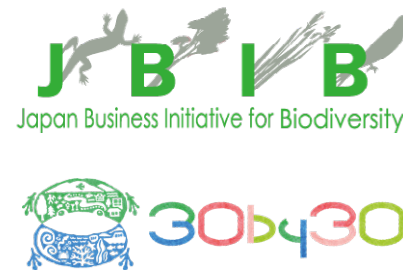
Leading-edge ESG-related Initiatives (2)

Leading-edge initiatives

- The first J-REIT to purchase FIT non-fossil certificates in the renewable energy value trading market

Achieved zero Scope 2 emissions from electricity

- The first asset manager of a J-REIT to join the Japan Business Initiative for Biodiversity (JBIB) and the 30 by 30 Alliance for Biodiversity (Asset Manager)



- The first J-REIT to register as a "TNFD Adopter"



- The first J-REIT to disclose nature-related information aligned with the "TNFD Recommendations"



Supplementary explanatory materials



Taskforce on Nature-related Financial Disclosures

- The first asset manager of a J-REIT to join the TNFD Forum (Asset Manager)



Forum Member

October 2021

March 2022

April 2022

January 2023

November 2023

January 2024

April 2024

- The first J-REIT to introduce Sustainability Index-linked Fees

Reduction in GHG emissions
GRESB Rating
CDP Score

Asset management fees are calculated according to the degree of achievement of each index

- Also linked to remuneration for Executive Director of DHR

- The first J-REIT to join "Race to ZERO" and "RE Action – Declaring 100% Renewable"
- Joined/signed on to total of 9 initiatives related to climate change, human rights, diversity and inclusion, and biodiversity



- The first asset manager of a J-REIT to join the Secured Meter Data Sharing Association

Significantly improved electricity data acquisition rate for exclusive areas of residential properties



Improved Electricity Data Acquisition Rate

- For the first time, DHR disclosed the Summary of Resolutions of the General Meeting of Unitholders (Reference) on its website



Summary of Resolutions of the General Meeting of Unitholders (Reference)

Special Feature 1: TNFD

Policy and Approach to Natural Capital

DHR and the Asset Manager share the Daiwa House Group's basic approach of "Creating Dreams, Building Hearts." To attain a sustainable society, it is essential that we include environmental, social, and governance considerations in real estate investment management operations. We also believe that this will contribute to DHR's basic policy of ensuring stable revenue and achieving steady asset growth over the medium to long term. As such, the Asset Manager established the Sustainability Policy in April 2017, and has been applying it to its real estate investment management business.

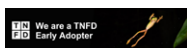
Our lives and economic activity are underpinned by the gifts of nature, which we receive through the ecosystem—the foundation of biodiversity. While the environmental issue of loss of natural capital, including biodiversity, may increase risks in the value chain, contributing to solving environmental issues through business can also lead to sustainable growth. Addressing climate change, reducing overconsumption, engaging in sustainable production, investing in biodiversity, and promoting other initiatives in the context of the business activities of DHR and the Asset Manager should contribute to the pursuit of nature positivity and increase our competitiveness.

Various Initiatives



TNFD Forum

"TNFD Forum" is an international organization that establishes a framework for disclosing the impact of nature-related risks and opportunities on a company's finances.



TNFD Adopter

"TNFD Adopter" refers to a company or organization that has registered on the TNFD website their intention to disclose information aligned with the TNFD Recommendations.



JBIB

JBIB, established in April 2008, is a network of corporations actively working to conserve biodiversity.



30by30

30by30 is a goal to effectively conserve at least 30% of the land and oceans as healthy ecosystems by 2030.

General Requirements

The following "General Requirements" have been added in the TNFD to the TCFD framework.

Application of materiality

- Identify material issues (materialities), including natural capital related to sustainability, through the process below

Step 1 Extracting sustainability issues

Sustainability issues related to DHR were extracted using various global ESG assessments, sustainability disclosure standards, and the SDGs

Step 2 Setting priority rankings

We set priority rankings from the extracted issues by verifying the state of DHR's disclosure and response and through interviews with management of the Asset Manager

Step 3 Confirming validity

To ensure objectivity, an external consulting company reviewed our "selection process" and "identified materialities"

Step 4 Discussions and approval by management

Reports to the Compliance Committee, the Asset Manager's Board of Directors, and DHR's Board of Directors after discussion at the Sustainability Committee

Geographic location

- We take into consideration the geographic location, which is the interface between our portfolio and nature throughout the value chain, since the nature-related risks and opportunities in DHR's direct operations depend on the geographic location of the real estate and nature interface.
- When disclosing information by geographic location, information is subdivided and aggregated, taking into account the characteristics of the information and its usefulness to users

Timeline

- Given that nature-related risks and opportunities often occur over the medium to long term, the timeline is set as follows
 - Short-term: 1 year or less
 - Medium-term: 1 to 10 years
 - Long-term: 10 to 30 years

Scope of disclosure

- Scope of nature-related assessments and disclosures

(1) Direct operations: Real estate management

Top 100 properties in the portfolio based on acquisition price (80.1% coverage)

(2) Upstream value chain: Construction (reference)

(3) Downstream value chain: Not covered at this time

- Process for determining the scope of nature-related assessments and disclosures

Reports to the Compliance Committee, the Asset Manager's Board of Directors, and DHR's Board of Directors after discussion at the Sustainability Committee

Engagement

- Daiwa House Group shall strive to have dialogues and consultations with the stakeholders so as to understand the influence that our business activities may bear upon human rights from the viewpoint of those affected and to address and improve it.



Special Feature 1: TNFD (LEAP Approach)

In line with the LEAP (Locate, Evaluate, Assess, Prepare) approach designed to assess nature-related risks and opportunities as outlined by the TNFD, DHR identified and analyzed nature-related dependencies and impacts ^(Note) on DHR's operations, as well as identified and evaluated nature-related risks and opportunities. As a result of the assessment, DHR has considered measures to address material issues and implemented controls such as setting metrics and targets.

Locate the interface with nature		Response by DHR
L1	Scope of the business model and value chain	Utilizes information on the location of the properties owned by DHR
L2	Dependency and impact screening	Utilizes available mapping tools to identify if DHR's properties are located in areas of high ecological damage, areas of high biodiversity importance, areas of water stress, and areas of material dependency or impact
L3	Interface with nature	Utilizes available mapping tools to identify the interface between DHR's properties and nature
L4	Interface with sensitive locations	Identifies uses of properties owned by DHR that have contact with nature in priority areas
Evaluate dependencies and impacts		Response by DHR
E1	Identification of environmental assets, ecosystem services, and impact drivers	Identifies potential dependencies and impacts and lists 15 dependency items and seven impact items.
E2	Identification of dependencies and impacts	
E3	Dependency and impact measurement	Dependency: Confirmed a high score for "Resources" and high dependence
E4	Impact materiality assessment	Impact: Confirmed a high score for "GHG" and high impact
Assess risks and opportunities		Response by DHR
A1	Identification of risks and opportunities	Identifies physical risk, transition risk, and market, financing, and resilience opportunities
A2	Adjustment of existing risk mitigation and risk and opportunity management	Incorporates responses to nature-related risks and opportunities into the risk reduction and risk/opportunity management processes developed in alignment with the TCFD Recommendations
A3	Risk and opportunity measurement and prioritization	
A4	Risk and opportunity materiality assessment	Conducts a materiality assessment of the identified risks and opportunities based on a matrix of materiality for DHR and materiality for stakeholders
Prepare to respond and report		Response by DHR
P1	Strategy and resource allocation plans	Develops strategies and responses to mitigate risks and seize opportunities for the identified material risks and opportunities
P2	Target setting and performance management	Sets a target for the obtainment of biodiversity-related certifications in addition to climate-related targets in addition to climate-related targets, and discloses progress in the Sustainability Report and website. In the future, considers setting targets based on guidance from the Science Based Targets Network (hereinafter "SBTN")
P3	Reporting	Reports to the Compliance Committee, the Asset Manager's Board of Directors, and DHR's Board of Directors after discussion at the Sustainability Committee
P4	Presentation	This disclosure is based on the TNFD recommendations, and in the future, we are considering integrating it with previous disclosures based on the TCFD recommendations.

(Note) "Dependencies" are aspects of environmental assets and ecosystem services that a person or an organization relies on to function.

"Impacts" refer to a change in the state of nature (quality or quantity), which may result in changes to the capacity of nature to provide social and economic functions. Impacts can be positive or negative. Impacts are the result of an organization's or another company's actions.

Special Feature 1: TNFD (Strategy - Heatmap Image)

Creation and Utilization of a Heatmap of Dependencies and Impacts on Nature

- DHR has developed a heatmap using ENCORE (Exploring Natural Capital Opportunities, Risks and Exposure) and the SBTN Materiality Screening Tool developed by UNEP (United Nations Environment Programme) and has organized the degree of nature-related dependencies and impacts in real estate management (direct operations) and construction (upstream) into five levels.
- Using the organized results and following the LEAP (Locate, Evaluate, Assess, Prepare) approach, we have identified and analyzed nature-related dependencies and impacts on DHR's operations, as well as identified and evaluated nature-related risks and opportunities.

» Heatmap of Dependencies

Confirmed a high dependency on surface water in real estate management (direct operations)

 : Very High  : High  : Medium  : Low  : Very Low, N/A

Stage of value chain	Sector	Direct physical use in business processes			Enables business processes and parts thereof							Mitigates (adverse) impacts on business processes				Protection from business process disruptions						
		Labor by working animals	Fibers and other materials	Genetic materials	Surface water	Ground water	Nursery grounds	Pollination	Soil quality	Ventilation	Water volume control	Water quality	Bioremediation	Pollution diluted by the atmosphere/ecosystems	Filtration	Mitigation of sensory impacts	Mitigation of mass flow rate	Climate regulation	Disease control	Flood and storm control	Terrain stabilization and erosion control	Pest control
Direct operations	Real estate management				H	M							L		VL	L				VL	L	
Upstream	Construction								VL	VL	M		L		L	VL			H	H	M	VL

» Heatmap of Impacts

Confirmed a very high impact on “Terrestrial ecosystem use” and high impacts on “Solid waste” and “GHG emissions” in real estate management (direct operations)

Stage of value chain	Sector	Land/freshwater/sea use change			Pollution				Resource use		Climate change	Invasive species/others
		Terrestrial ecosystem use	Freshwater ecosystem use	Marine ecosystem use	Non-GHG air pollution	Soil pollution	Water pollution	Solid waste	Use of water resources	Use of other resources	GHG Emissions	Disturbance (such as noise)
Direct operations	Real estate management	VH			M	M	M	H			H	
Upstream	Construction	VH	H	VH	H	H	M	H	H		H	H

Special Feature 1: TNFD (Strategy - Methodology for Analyzing Nature-related Dependencies and Impacts)

Analyzing Nature-related Dependencies and Impacts

The aforementioned heatmap was used as a reference to analyze the nature-related dependencies and impacts of the top 100 properties (80.1% coverage) based on acquisition price as high-priority properties for DHR.

» Methodology for Analyzing Nature-related Dependencies

Evaluation item		Evaluation method	
Ecological status of the property area	(1) Ecological integrity (Note 1)		(Note 1) Evaluated using the WWF Risk Filter Suite, which assesses the state of ecosystems.
	(2) Ecological importance (Note 2)		(Note 2) The area surrounding the property (within a 1 km radius) was evaluated based on (1) Whether or not it is designated as a nature conservation area, (2) The number of plant species listed in the Red Data Book, (3) The number of bird species listed in the Red Data Book, and (4) The number of useful plant species.
	(3) Water stress (Note 3)		
Dependency status	Energy	Amount used (Note 4)	
	Water	Amount used (Note 5)	
	Resources	Land area of the property is scored and evaluated (Note 6)	(Note 3) Evaluated using the WRI Aqueduct indicator, which assesses the amount of water resources.
Overall evaluation (dependency)	Energy	Amount used (Note 4)	(Note 4) Evaluated based on annual electricity consumption.
	Water	Water use and water stress are scored and evaluated	(Note 5) Evaluated based on annual water consumption.
	Resources	Land area of the property is scored and evaluated (Note 6)	(Note 6) Evaluated based on land area.

» Results of Nature-related Dependency Analysis

The results of the analysis confirmed a high score (high dependency) for resources.

The results of the analysis of the top ten properties based on acquisition price and the top 100 properties based on acquisition price (80.1% coverage) in terms of nature-related dependencies are as follows.

Asset class	Property name	Acquisition price (millions of yen)	Location	Dependency								
				Ecological status of the property area			Dependency status			Overall evaluation (dependency)		
				Ecological integrity	Ecological importance	Water stress	Amount used	Amount used	Scored evaluation	Amount used	Scored evaluation	Scored evaluation
Retail	iias Tsukuba	34,120	Tsukuba City, Ibaraki	★★★★	★	★★	★★★★	★★★★	★★★★	★★★★	★★★★	★★★★
Logistics	DPL Nagareyama I	32,600	Nagareyama City, Chiba	★★★★	★★	★★	★★★★	★	★★★★	★★★★	★★	★★★★
Logistics	DPL Nagareyama III	32,000	Nagareyama City, Chiba	★★★★	★★	★★	Unevaluated	Unevaluated	★★★★	Unevaluated	★	★★★★
Other	GRANODE Hiroshima	28,800	Hiroshima City, Hiroshima	★★	★★★★	★★	★★	★★	★★★★	★★	★★★★	★★★★
Logistics	D Project Urayasu II	26,000	Urayasu City, Chiba	★★★★	★★	★★	★	★	★★★★	★	★★	★★★★
Logistics	DPL Misato	16,831	Misato City, Saitama	★★★★	★	★★	★★	★	★★★★	★★	★★	★★★★
Logistics	D Project Hachioji	15,400	Hachioji City, Tokyo	★★★★	★★	★★	★★★★	★	★★★★	★★★★	★★	★★★★
Logistics	D Project Hiratsuka	15,200	Hiratsuka City, Kanagawa	★★★★	★★	★★	★	★	★★★★	★	★	★★★★
Logistics	DPL Fukuoka Kasuya	13,300	Kasuya District, Fukuoka	★★	★★	★★	★	★	★★★★	★	★	★★★★
Logistics	D Project Itabashi Shingashi	12,300	Itabashi Ward, Tokyo	★★★★	★	★★	★★	★	★★★★	★★	★★	★★★★
Average score of 100 properties				2.8	1.8	2.0	1.6	1.3	2.6	1.6	1.8	2.6

» Methodology for Analyzing Nature-related Impacts

Evaluation item		Evaluation method	
Impact status	Waste	Amount of waste (Note 7)	
	GHG	GHG emissions (Note 8)	
State of ecosystem services/crisis		Ecological integrity and importance are scored and evaluated	
Overall evaluation (impact)	Waste	Ecological integrity, importance, and amount of waste are scored and evaluated	(Note 7) Evaluated based on annual amount of waste, assuming that the waste is disposed of in the vicinity.
	GHG	Ecological integrity, importance, and GHG emissions are scored and evaluated	(Note 8) Evaluated based on annual GHG emissions assuming Scope 1.

» Results of Nature-related Impact Analysis

The results of the analysis confirmed a high score (high impact) for GHG.

The results of the analysis of the top ten properties based on acquisition price and the top 100 properties based on acquisition price (80.1% coverage) in terms of nature-related impacts are as follows.

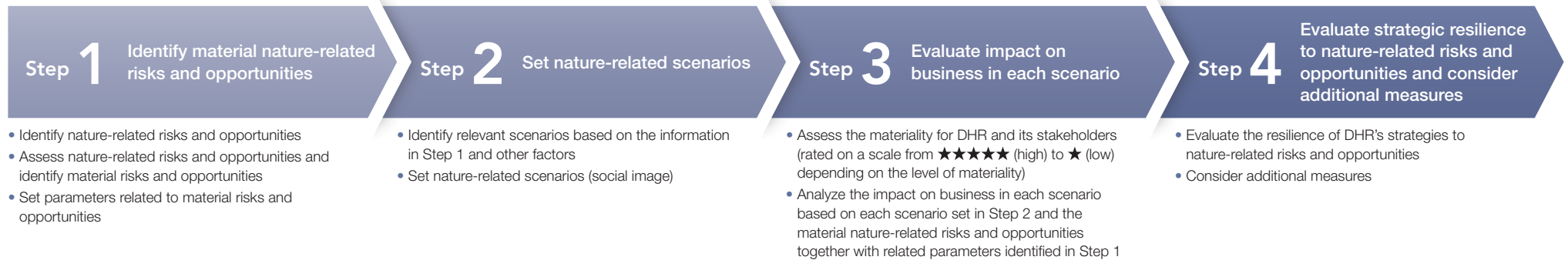
Asset class	Property name	Acquisition price (millions of yen)	Location	Impact				
				Impact status		State of ecosystem services/crisis	Overall evaluation (impact)	
				Waste	GHG		Waste	GHG
				Amount of waste	Emissions	Scored evaluation	Scored evaluation	Scored evaluation
Retail	iias Tsukuba	34,120	Tsukuba City, Ibaraki	★★★★	★★★★	★★	★★★★	★★★★
Logistics	DPL Nagareyama I	32,600	Nagareyama City, Chiba	★	★★★★	★★★★	★★	★★★★
Logistics	DPL Nagareyama III	32,000	Nagareyama City, Chiba	Unevaluated	Unevaluated	★★★★	★	★
Other	GRANODE Hiroshima	28,800	Hiroshima City, Hiroshima	★	★★	★★★★	★★	★★★★
Logistics	D Project Urayasu II	26,000	Urayasu City, Chiba	★	★★	★★★★	★★	★★★★
Logistics	DPL Misato	16,831	Misato City, Saitama	★	★★	★★	★★	★★★★
Logistics	D Project Hachioji	15,400	Hachioji City, Tokyo	★	★★★★	★★★★	★★	★★★★
Logistics	D Project Hiratsuka	15,200	Hiratsuka City, Kanagawa	★	★	★★★★	★★	★★
Logistics	DPL Fukuoka Kasuya	13,300	Kasuya District, Fukuoka	★	★	★★	★	★
Logistics	D Project Itabashi Shingashi	12,300	Itabashi Ward, Tokyo	★★★★	★★	★★	★★★★	★★★★
Average score of 100 properties				1.3	1.8	1.6	1.9	2.2

Special Feature 1: TNFD (Scenario Analysis Process, Business Impact and Response Measures)

Process of Nature-related Scenario Analysis

Based on the analysis of the LEAP approach, scenario analysis is conducted to evaluate the impact on DHR's business under different scenarios and to assess strategic resilience to nature-related risks and opportunities.

Scenario Analysis Process



Overview of Anticipated Scenarios

Scenario A	Transition risk	High
	Physical risk	Low

A scenario in which efforts in policy, institutional, and financial aspects of biodiversity conservation are strengthened and promoted, while nature destruction and loss of ecosystem services are curbed. Transition risk is higher than in Scenario B, but physical risk is lower.

Scenario B	Transition risk	Low
	Physical Risk	High

A scenario in which efforts in policy, institutional, and financial aspects of biodiversity conservation fail to make progress, resulting in the further destruction of nature and the loss of ecosystem services. Transition risk is lower than in Scenario A, but physical risk is higher.

Impact on Business and Countermeasures

Classification	Type	Description of risks and opportunities	Business impact		Countermeasures
			Scenario A	Scenario B	
Risk	Physical	Increased repair costs of buildings and exteriors due to extreme weather conditions, as well as degradation and cessation of natural ecosystem functions, etc.	Large	Large	- Replanting with mainly native species - Take appropriate measures such as insurance coverage based on risk assessment - Perform waterproofing, exterior wall, and sealing work ahead of schedule - Install sandbags, water stop plates, and tide plates
		Decreased rent income due to increased natural disasters	Large	Large	
		Increased non-life insurance premiums due to increased natural disasters	Medium	Medium	
	Transition	Business risks, exclusion from the supply chain, and risks of lower earnings if unable to respond to the rising biodiversity needs of customers (e.g., obtaining biodiversity-related environmental certifications (JHEP, ABINC, etc.))	Large	Large	- Obtain biodiversity-related environmental certifications that evaluate and certify our contribution to biodiversity conservation - Obtain green building certifications - Disclose information on environmental performance - Improve ESG ratings - Implement sustainable finance
Opportunities	Reputation	Declined investment unit prices and increased funding costs due to delays in biodiversity response	Medium	Medium	
	Market	Increased business opportunities, avoiding exclusion from the supply chain, and increased earnings opportunities when responding to the rising biodiversity needs of customers (e.g., obtaining biodiversity-related environmental certifications (JHEP, ABINC, etc.))	Large	Large	
	Funding	Increased investment unit prices and decreased funding costs due to biodiversity response	Medium	Medium	- Take appropriate measures such as insurance coverage based on risk assessment - Perform waterproofing, exterior wall, and sealing work ahead of schedule - Install sandbags, water stop plates, and tide plates - Diversify portfolio and financing sources
	Resilience	Enhanced resilience and reduction of future cost incurrence risks and business risks by enhanced response to biodiversity	Large	Large	

Special Feature 1: TNFD (Metrics and Targets)

Metrics and Targets and Initiatives to Achieve Targets

- DHR has established and is working to achieve quantitative metrics and targets for nature-related risks/opportunities and dependencies/impacts that are considered to be material in business operations.
- DHR has set a target for the obtainment of biodiversity-related certifications in addition to climate-related targets and will disclose progress in the Sustainability Report and on the website.
- DHR will consider setting targets based on the guidance of the Science Based Targets Network (SBTN) in the future.



TNFD	TCFD	Category		Subject of management	Metrics	Target	Initiatives to achieve the target
✓		Risk	Market	Impact on business from rising biodiversity needs of customers	Biodiversity-related certifications	Increase the number of certified properties from two in FY2023 to five or more in FY2030	• Considering the impact on local ecosystems, mainly for properties located in high-priority areas for biodiversity conservation, using native tree species instead of invasive alien species, and implementing environmentally friendly maintenance and management
		Opportunities					
✓	✓	Dependency		Energy consumption	Energy consumption intensity (gross floor area basis)	Reduce by 10% in FY2027 with FY2017 as the base year	• Introduction of smart meters • Promoting ZEB conversion of portfolio properties • Setting internal carbon pricing to be used as an incentive for low-carbon promotion works, guidelines for investment decision making, and a reference index to identify risks of future rising costs • Investing in solar power generation equipment
✓	✓			Water consumption	Water consumption intensity (gross floor area basis)	Reduce to below the intensity in FY2027 with FY2017 as the base year	• Effective use of rainwater, groundwater, and greywater • Adoption of water conservation equipment • Monitoring real estate investments in areas with high or very high water stress
✓	✓	Impact		Waste discharge	Recycling rate	Exceed the rate of FY2017 in FY2027, with FY2017 as the base year	• Displaying posters to promote recycling • Promoting recycling through sorting
✓	✓			GHG emissions	GHG emissions	Reduce total emissions by 42% in FY2030 with FY2020 as the base year Net zero in FY2050	• Promoting ZEB conversion of portfolio properties • Setting internal carbon pricing to be used as an incentive for low-carbon promotion works, guidelines for investment decision making, and a reference index to identify risks of future rising costs • Purchase of non-fossil certificates • Investing in solar power generation equipment • Promotion of LED lighting

Metrics and Targets: Obtaining Biodiversity-related Certifications

» Obtaining JHEP Certification (Royal Parks Toyosu)

Overview of JHEP certification

JHEP is a certification system to objectively and quantitatively evaluate and certify the degree of contribution to biodiversity conservation. JHEP compares biodiversity values before and after a project, and if the values after a project are equal to or greater than those before a project, it is certified by a third-party organization as a project that contributes to biodiversity, with evaluation rank represented on a six-tier (AAA to B+) scale.

Please see below for the details of JHEP certification.

Website for JHEP certification: <https://www.ecosys.or.jp/certification/jhep/index.html>



Points highlighted in JHEP certification

- While the subject property is surrounded by commercial areas and offices, there is an abundance of greenery on the exterior and rooftop.
- No species on the List of Invasive Alien Species for the Prevention of Ecosystem Damage or unevaluated alien species are being used, and there are no plans to use them in the future.

Please see below for the details of Royal Parks Toyosu's evaluation.

Audit report of JHEP certification: <https://www.ecosys.or.jp/certification/jhep/case/case111report.pdf>

Case study of JHEP certification: <https://www.ecosys.or.jp/certification/jhep/case/case111.pdf>

» Obtaining ABINC Certification (Royal Parks Hanakoganei)

Overview of ABINC certification

ABINC is a system to evaluate and certify biodiversity-friendly initiatives based on the Guideline for Offices Promoting Symbiosis with Life Forms developed by the Japan Business Initiative for Biodiversity (JBIB), and no evaluation rank is assigned. Please see below for the details of ABINC certification.

Website for ABINC certification: <https://www3.abinc.or.jp/>



Points highlighted in ABINC certification

- A diverse environment is maintained, with woodlands, grasslands, and waterside areas, as well as relatively large trees.
- A rain garden has been created, and efforts are being made to consider rainwater circulation.

Please see below for the details of Royal Parks Hanakoganei's evaluation.

ABINC certified properties in the 14th evaluation: https://www3.abinc.or.jp/facility/14th_creature_facilities/

Special Feature 2: Human Capital (Health Management)

Policy and Basic Approach

The Asset Manager formulates the Sustainability Policy, under which it will establish an internal framework for promoting sustainability, take steps to develop human resources by conducting regular education and training for employees, and aim to create workplaces where people can work safely and healthily, and workplaces where diverse employees can work flexibly. Based on this philosophy and policy, initiatives to promote employee health will improve their vitality and productivity and otherwise invigorate the entire organization, leading to improved business performance and greater value for the organization.

Health Declaration (September 2022)

- Promote work-life balance
- Improve health literacy
- Promote regular health checkups (especially secondary checkups for individuals who have not gotten them)
- Prevent the spread of disease thoroughly

KPIs and Main Initiatives

The Asset Manager aims to fulfill a Health Declaration by strengthening the health management system and through measures to enable each and every employee to work with a high level of health awareness so that they can stay healthy and active over the long term.

Item	Fiscal year ended March 2024	Target for fiscal year ending March 2031
Percentage of personnel who had health checkups	100%	100%
Percentage of personnel who received metabolic syndrome-specific health guidance	100%	100%
Percentage of personnel who had secondary examinations	100%	100%
Percentage of personnel who had stress checks	100%	100%

Health Management Promotion System

The Sustainability Committee is an official body with the President and CEO as the Committee Head and the General Manager of the Sustainability Promotion Department as the operating officer. The committee meets at least once a month and deliberates and resolves on policy, strategy development, and operations related to sustainability, which includes health management. The committee also reports on these matters to the Board of Directors as necessary.

Establishment of Health Committee

The Asset Manager has established a Health Committee that meets monthly to exchange opinions on the workplace environment and learn about health with the industrial physician in order to prevent health problems among officers and employees and maintain and promote their health.

Promoting Regular Health Checkups (Especially Secondary Checkups for Individuals Who Have Not Gotten Them)

The Asset Manager aims to have 100% of employees get regular health checkups, and is committed to thorough follow-up in the form of working with health insurance associations and workplaces to promote secondary examinations, checking the status of treatment and whether employees have received health guidance, and more. Due to these efforts, 100% of employees got examinations and received metabolic syndrome-specific health guidance for the fiscal year ended March 2024.

Collaborative Efforts with Health Insurance Associations to Improve on Health-related Issues

The Daiwa House Group worked with health insurance associations to introduce a Health Analysis System in a proactive effort to promote employee health. The system analyzes employee health in organizational units and based on attributes, and the results are used to identify organizational issues (areas of improvement in employees' lifestyles). Specifically, 11 items from health checkup results (including BMI, waist measurement, blood pressure (systolic and diastolic), triglycerides, etc.) and 10 items from interviews during the checkups (smoking habits, exercise habits, breakfast habits, frequency and volume of alcohol consumption, sleep habits, etc.) are assigned point values, which allow the averages to be compared within companies and the Group to give people an easy way to see what needs to be improved.

Conducting Health Check Events

Health-check event hosted by the specialist vender was held with the aim of improving health consciousness of officers and employees. Bone density, vascular age, and muscle score were measured, and in the post-event questionnaire, 61% of respondents answered "I strongly agree" to the question, "Will what you learned in the event help you maintain your health in the future?" while 39% responded "I agree," and to the question, "Could this event be a catalyst for you to improve your lifestyle?" 44% answered "I strongly agree," while 54% answered "I agree."



Mental Health Care Initiatives

The Asset Manager conducts stress checks once a year for the purpose of preventing mental disorders. The stress check screening rate was 100% in the fiscal year ended March 2024.

"2024 Health & Productivity Management Outstanding Organization (SME Category)" and "Bright 500"

For the second consecutive year, the Asset Manager was certified as 2024 Health & Productivity Management Outstanding Organization (SME category) by the Ministry of Economy, Trade and Industry in recognition of its various efforts in the field of health management such as management philosophy and guidelines and organizational structure, its measures to maintain and promote employee health, and its initiatives regarding legal compliance and risk management, etc. In addition, for the second consecutive year, the Asset Manager was certified as one of the "Bright 500," the top 500 corporations in the Health & Productivity Management Outstanding Organizations (SME category) in recognition of its community-based messaging regarding health management initiatives, and the number of compliant items in the evaluation items of health management. Roughly 16,700 companies were certified as Health & Productivity Management Outstanding Organizations in the SME category in 2024.





Environment

Environment

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Environmental Certifications	23
Environmental Conservation	24
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Climate Change

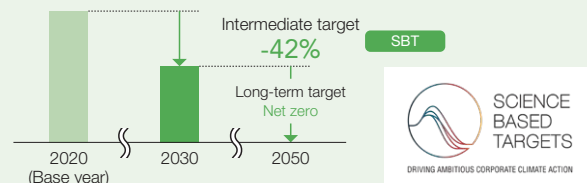
Policy and Basic Approach

In recent years, climatic disasters, thought to be caused by climate change, are occurring globally and in all regions of Japan. To mitigate the effects of these events, the parties of the UNFCCC adopted the Paris Agreement—an international treaty aiming to achieve net zero GHG emissions—at the 21st UN Climate Change Conference (COP21) in 2015. In October 2020, the Japanese government declared that Japan would realize carbon neutrality by 2050, and in October 2021, revised its target for the fiscal year 2030 to an ambitious 46% reduction in GHG emissions compared to the fiscal year 2013. Companies and other organizations now face the crucial task of actively shifting to renewable energy sources.

At COP27 held in Egypt in November 2022, the parties of the UNFCCC voiced the world's unwavering commitment to reducing GHG emissions to achieve the 1.5°C target. Supporting these trends, DHR has set targets for achieving net zero GHG emissions by the fiscal year ending March 2051, becoming the first J-REIT to receive certification from the Science Based Targets initiative (SBTi) that these targets are consistent with the levels required by the Paris Agreement and are based on scientific evidence.

KPIs and Main Initiatives

Item	Coverage	Base year	Target year	Target
GHG emissions (Scope 1 and 2)	All properties	2020	2030	Reduce total emissions by 42% SBT (February 2022)
GHG emissions (Scope 3)	Properties with data available	2020	2030	Calculate and reduce total emissions SBT (February 2022)
GHG emissions (value chain)	All properties	2020	2050	Net zero SBT (August 2022)



Information Disclosure Based on TCFD Recommendations

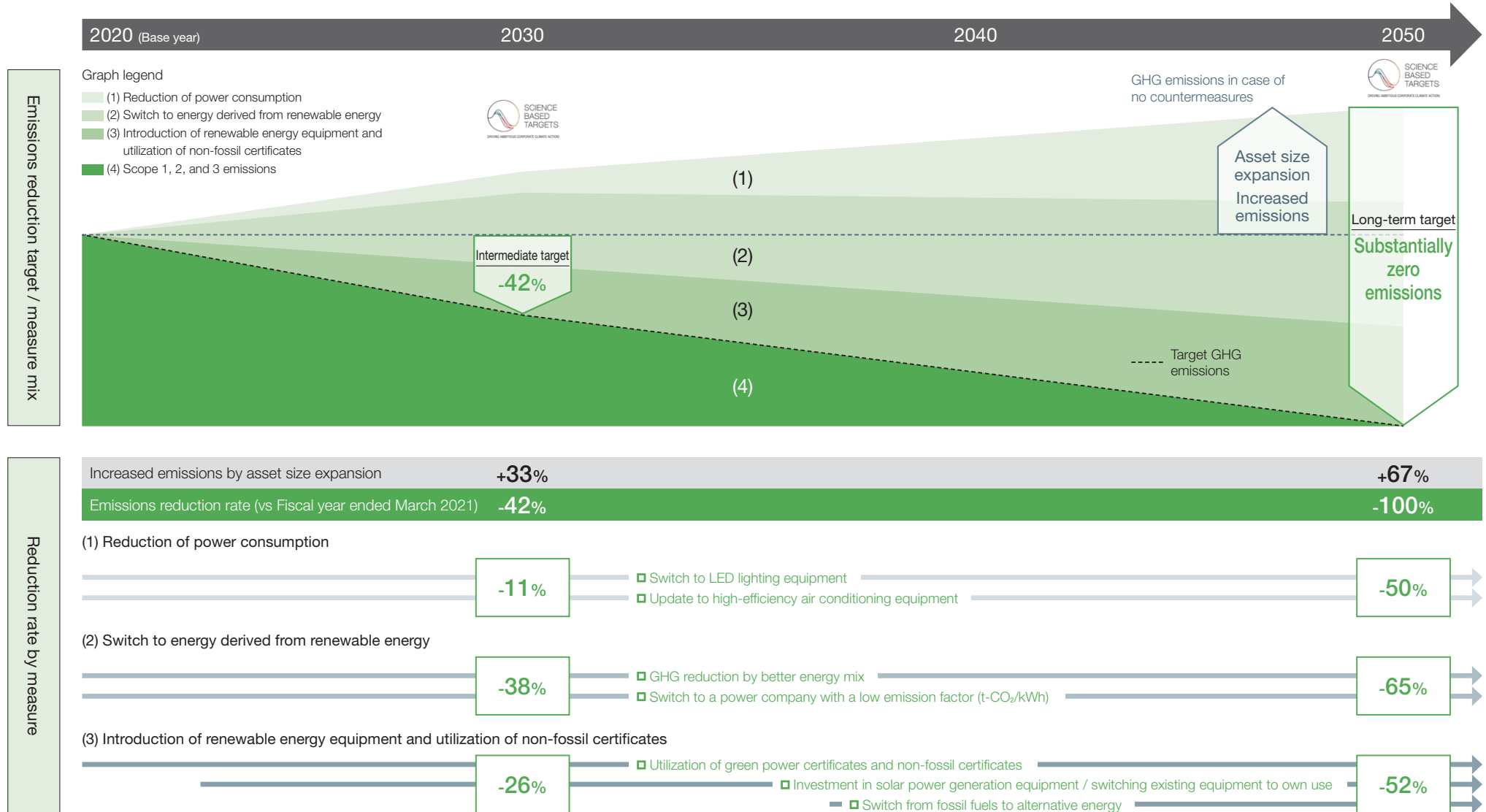
- The Asset Manager supports TCFD Recommendations and promotes risk management and initiatives related to climate change.
- Information disclosure is based on the amended TCFD Recommendations and new guidance in October 2021.

Item	Contents
Governance	- The Asset Manager established the "Regulations Concerning the System for Promoting Sustainability" and rules on topics such as internal framework, collaboration with stakeholders and information disclosure policy to secure an appropriate system for promoting sustainability. - The Board of Directors receives and monitors reports from the Sustainability Committee on considerations for climate-related and other global environmental issues and risk management for natural disasters, etc. - As the Chief Executive related to climate-related issues at the Board of Directors and the Chief Executive of the Sustainability Committee, the President and CEO of the Asset Manager provides final approval of various climate-related goals and measures, evaluates the status of efforts, and gives instructions for review. - The Sustainability Committee, which was established in May 2017, was raised to a formal committee in April 2022 and must be held at least once a month. An outside expert advisor who has a high level of insight and expertise in sustainability was also appointed. - The Sustainability Committee deliberates and resolves on sustainability-related policy and strategy development such as addressing climate-related issues and execution of sustainability-related operations.
Strategy	- Understanding the risks and opportunities for DHR in the future due to unusual weather caused by climate change and increasing social demands for climate change measures, the Asset Manager verified and analyzed the effectiveness of the current climate change measures. - In accordance with the TCFD Recommendations, the Asset Manager conducted analysis based on multiple scenarios of below 2°C scenario and 4°C scenario and <u>formulated a roadmap for achieving the targets certified by SBTi</u>.
Risk Management	- While recognizing climate change risk as one of the risks that could pose a significant impact on business in the medium to long term, the Asset Manager sees such risk as areas of potential and manages the risk by incorporating it in our overall risk management process. The Asset Manager has established the "Risk Management Regulations" and "Risk Management Implementation Guidelines" as internal regulations in order to accurately identify risks and opportunities inherent in business, including those that are climate change-related, develop a system for appropriately managing potential losses and profits when the identified risks and opportunities are realized, ensure the soundness of management and operate business in a fair manner. - The Board of Directors shall oversee the development of an appropriate risk management system based on the "Risk Management Policy" after considering where and what the risk is based on the strategic goals set separately by the Board of Directors. - The President and CEO shall be responsible for all risks in accordance with the provisions of the "Daiwa House Group Risk Management Regulations," develop an appropriate risk management system and be responsible for promoting and implementing risk management. - The Compliance Officer, who is responsible for risk management, shall establish methods including measurement, monitoring and management based on the type of risk along with the risk management policy and shall develop internal regulations to ensure the effectiveness of these methods.
Metrics and Targets	- DHR set targets of reducing total GHG emissions by 42% in the fiscal year ending March 2031 compared to the fiscal year ended March 2021 and became the first J-REIT certified by SBTi for its SBT 1.5°C targets. In addition, DHR set long-term targets of net zero emissions in the fiscal year ending March 2051. - Internal carbon price is set at ¥20,000 / t-CO₂ and used as an incentive for low-carbon promotion works, guidelines for investment decision making and a reference index to identify risks of rising costs. - We are promoting the acquisition of third-party external certifications and evaluations to increase the objectivity and reliability of our initiatives to reduce environmental impact at portfolio properties and improve the asset value over the medium to long term. Our policy is to increase the percentage of properties with environmental certification (based on gross floor area) to 75% or more by the fiscal year ending March 2031.

Information Disclosure Based on TCFD Recommendations (Strategy)

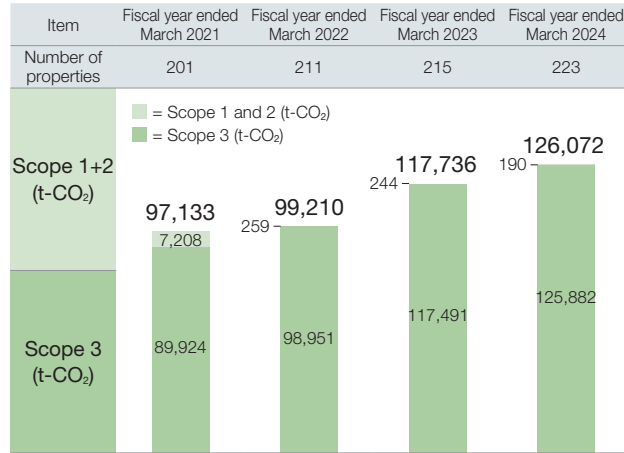
Roadmap for Reduction of Emissions and Achievement of Targets Certified by SBTi

- DHR has set long-term targets of reducing total GHG emissions by 42% in the fiscal year ending March 2031 compared to the fiscal year ended March 2021 and net zero in the fiscal year ending March 2051 and formulated a roadmap that includes reduction rates by measure to achieve the goals.



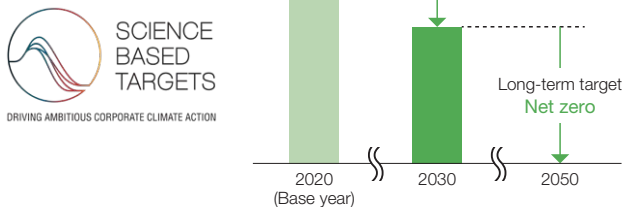
Information Disclosure Based on TCFD Recommendations (Metrics and Targets)

GHG Emissions of Portfolio Properties (Scope 1, 2, and 3)



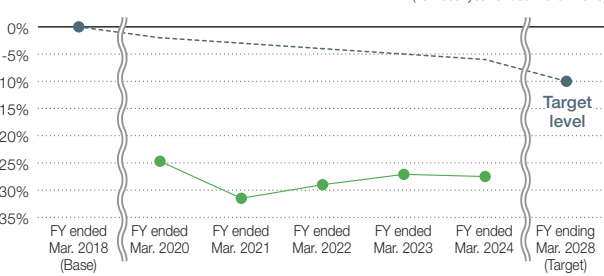
GHG Emissions and Energy-related Targets

- DHR set targets of reducing total GHG emissions by 42% in the fiscal year ending March 2031 compared to the fiscal year ended March 2021 and achieving net zero emissions by the fiscal year ending March 2051, and became the first J-REIT to obtain SBTi certification for its SBT 1.5°C targets.



Item	Coverage	Base year	Target year	Target
Energy consumption	Properties with data available	2017	2027	Reduce consumption intensity by 10%
Water consumption	Properties with data available	2017	2027	Reduce intensity to below the level of base FY
Waste management	Properties with data available	2017	2027	Improve recycling rate

Energy Consumption (reduction rate of intensity (MWh/m²))

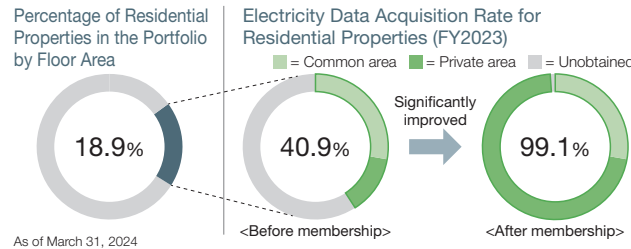


Improved Electricity Data Acquisition Rate

Membership in the Secured Meter Data Sharing Association

First J-REIT
asset manager

- The Asset Manager became the first J-REIT asset manager to join the Secured Meter Data Sharing Association in June 2023
- Due to the revision of the Electricity Business Act, the provision of electricity data held by general power transmission and distribution companies began in October 2023 under the certified association system
- Obtained electricity statistics data for FY2022 and FY2023 for properties owned by DHR
- ➔ Significantly improved electricity data acquisition rate for exclusive areas of residential properties



Solar Power Generation

- Solar panels have been installed on the rooftops of logistics and retail properties owned by DHR, and DHR utilizes the renewable energy they generate.

	Number of properties	Power generated in fiscal year ended March 2024
Solar power generation equipment installations	22 properties	21,628 MWh

*Amount of power generated is calculated only for properties with solar power generation equipment for which the requisite data are available.

Power generated 9.2%
(vs Fiscal year ended March 2023)

Promotion of LED Lighting

LED conversion rate 93.8%

- DHR is promoting conversion to LED lighting at its properties, in an effort to reduce energy consumption.

➔ Status of conversion to LED lighting

	Number of portfolio properties (Note 2)	Number of properties with LED lighting (Note 3)	Percentage of properties with LED lighting
Logistics	68	64	94.1%
Residential	129	122	94.6%
Retail	16	15	93.8%
Hotel	7	7	100.0%
Other assets	6	4	66.7%
Total	226	212	93.8%

(Note 1) The number of properties is as of March 31, 2024. (Note 2) Excludes land properties.

(Note 3) The number of properties in which LED lighting has been installed in at least half the area of common areas (in properties with common areas) or at least half the area of the entire property (in properties leased as an entire building with no common areas).

Introduction of High-efficiency Facilities and Equipment

Air conditioning and ventilation systems were replaced with high-efficient ones at properties such as D Project Hachioji.

Smart Grid/Smart Building Technology

At FOLE Otsu Ichiriyama, a computerized power grid control and automation system has been introduced to manage and support energy supply.

Exterior Wall/Roof Insulation

In properties such as Castalia Jinbocho, walls and roofs are highly insulated to protect the building against outside temperatures and increase energy efficiency.

Window Renovation

At Castalia Tower Shinagawa Seaside, insulation film is applied to the windows to improve the building's thermal insulation.

Purchase of Non-fossil Certificates

DHR participated in the renewable energy value trading market, which allows consumers and intermediaries to purchase FIT non-fossil certificates, and in the fiscal year ended March 2024 procured 25.0 million kWh FIT non-fossil certificates through an intermediary (Whole Energy, Inc.) (hereinafter referred to as the "Procurement"). Expected reduction effect of CO₂ emissions by the Procurement was approx. 12,988 tons (t-CO₂ equivalent), and all of the DHR's electricity-derived GHG emissions (Scope 2) for the fiscal year ended March 2024 were offset alongside the introduction of 100% net zero renewable energy at the properties owned by DHR.

Internal Carbon Pricing

➔ Carbon Price

Internal carbon price is set at ¥20,000 / t-CO₂ and used as an incentive for low-carbon promotion works, guidelines for investment decision making and a reference index to identify risks of rising costs.

Environmental Certifications

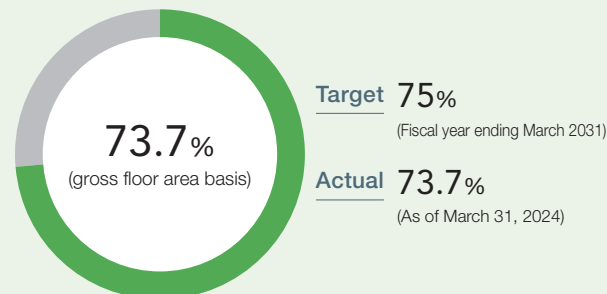
Policy and Basic Approach

To increase the objectivity and reliability of DHR's initiatives in reducing the environmental burden of properties, DHR intends to increase medium- to long-term asset value and pursue the acquisition of third-party external certifications and evaluations. Even at DHR's properties without any environmental certifications, through initiatives such as conversion to LED lighting and the introduction of energy-saving air conditioning and water saving equipment, DHR works to reduce its environmental impact by promoting energy savings and proper sorting and disposal of waste.

KPIs and Main Initiatives

DHR plans to increase the percentage of properties with environmental certification (gross floor area basis) to 75% or more by the fiscal year ending March 2031. DHR is proactively working to obtain environmental certifications for its many ongoing efforts to realize a sustainable society in addition to improving environmental performance, for example through converting to LED lighting at its properties. Additionally, because the Asset Manager has asked its sponsor to consider acquiring BELS Certification, CASBEE Certification for Buildings, and other environmental certifications for their properties in the development stage, more properties are certified before DHR acquires them.

Percentage of Properties That Have Obtained Environmental Certifications in the Entire Portfolio



Status of Environmental Certifications

	Number of certified properties	Number of portfolio properties*2	Percentage of certified properties (based on number of properties)	Certified area (gross floor area*3)	Area in whole portfolio*2 (gross floor area*3)	Percentage of certified properties (gross floor area basis)
Total of properties that have obtained environmental certifications	77	226	34.1%	2,719,495.85 m ²	3,691,483.60 m ²	73.7%
DBJ Green Building Certification	15	226	6.6%	946,659.48 m ²	3,691,483.60 m ²	25.6%
CASBEE for Real Estate Certification	45	226	19.9%	1,706,462.21 m ²	3,691,483.60 m ²	46.2%
BELS Certification	62	226	27.4%	2,303,901.60 m ²	3,691,483.60 m ²	62.4%
(ZEB Certification portion)	8	226	3.5%	558,451.29 m ²	3,691,483.60 m ²	15.1%
LEED	1	226	0.4%	120,229.08 m ²	3,691,483.60 m ²	3.3%
JHEP Certification	1	226	0.4%	26,997.13 m ²	3,691,483.60 m ²	0.7%
ABINC Certification	1	226	0.4%	24,604.09 m ²	3,691,483.60 m ²	0.7%

*1 The number of certifications is as of March 31, 2024.

*2 Excludes land properties.

*3 Gross floor area is based on the floor area provided on the inspection certificate of each property.

*4 The percentage of properties that have obtained environmental certifications is rounded to the first decimal place.

Relevant Data (1 of 2)

DBJ Green Building Certification



15 properties

5 stars : 7 properties
4 stars : 4 properties
3 stars : 4 properties

CASBEE for Real Estate Certification



45 properties

S : 24 properties
A : 20 properties
B+ : 1 property

BELS Certification



62 properties

★★★★★ : 16 properties
★★★★★ : 11 properties
★★★★ : 9 properties
★★★ : 18 properties
★★ : 8 properties

ZEB Certification



8 properties

"ZEB" : 1 property
ZEB Ready : 7 properties

LEED Certification



1 property

Certified : 1 property

JHEP Certification



1 property

A : 1 property

ABINC Certification



1 property

* There is no evaluation rating for this certification.

Environmental Conservation

Policy and Basic Approach

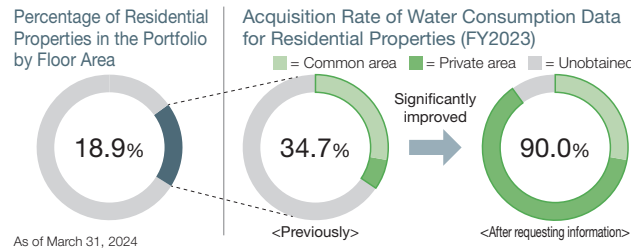
The water supply is expected to become unstable as a result of climate change; it is becoming more important to conserve aquatic environments around the world. As water risks are highly influenced by local factors, DHR evaluates water stress at its properties and uses hazard maps to assess the risk of water damage. DHR also promotes efforts to reduce water consumption at its properties to ensure that water resources are available for continued use.

Target Reduce consumption rate to the consumption intensity of fiscal year ended March 2018 (base year) or less (10-year period from 2018 to 2027)

Actual 0.5693 m³/m² [Fiscal year ended March 2018 (base year) actual 0.8205 m³/m²]
Fiscal year ended March 2024 actual

Improved Water Consumption Data Acquisition Rate

Each private area in residential properties is equipped with a water meter for tenants. While awareness of water consumption among tenants was high, it was difficult for DHR, as the owner, to grasp the amount of water consumed. We have significantly improved the acquisition rate of water consumption data in the private areas of our residential properties by requesting the Waterworks Bureau for information on water consumption in the private areas.



Adoption of Water Conservation Equipment

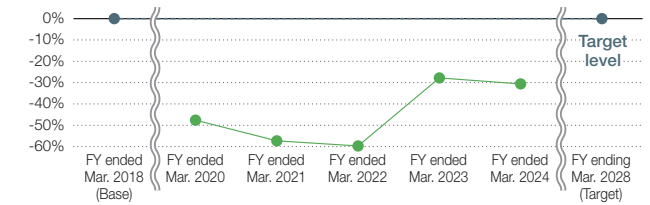
DHR is introducing water conservation equipment at the time of renewal of facilities or equipment at its properties in an effort to reduce water consumption.

Water Stress

DHR does not own any properties in regions where the water stress is "high" or "extremely high."

Water Consumption (reduction rate of intensity (m³/m²))

Relevant Data (1 of 2)



The main factor for the increase in intensity of fiscal year ended March 2023 and fiscal year ended March 2024 was the increased acquisition rate of water consumption data in residential properties.

Waste Management/Pollution Prevention

Policy and Basic Approach

The increasing world population and other factors are triggering a substantial rise in consumption of global natural resources; resource depletion and the negative impacts of waste on the environment are becoming more severe. The "2030 Agenda for Sustainable Development" adopted at the United Nations Summit in 2015 calls for a "vast reduction in waste by 2030." Interest is mounting in the "circular economy," in Japan and abroad, in which products and other items of value are continuously recycled and reused. DHR is taking steps to reduce waste and increase recycling rates at portfolio properties.

KPIs and Main Initiatives

Resource Recycling

Target Improve recycling rate to the rate of fiscal year ended March 2018 (base year) or higher (10-year period from 2018 to 2027)

Actual 71.5% [Fiscal year ended March 2018 (base year) actual 54.2%]
Fiscal year ended March 2024 actual

Chemicals and Pollution Prevention

Target Reduce the number of environmental risk incidents (e.g., violations of environmental laws and regulations) to zero.

Actual 0
(FY2023 results)

Pollution Prevention

Before acquiring any property, DHR shall conduct detailed environmental due diligence on the matters listed below. During the due diligence process, DHR comprehensively assesses the property's investment value, weighing its impact on DHR's overall portfolio, contribution to expected increase in value and other relevant considerations while consulting a fair real-estate appraisal by a third party with sufficient skill and experience in due diligence studies.

- Soil and ground conditions, buried objects, soil contamination, etc.
- Status with respect to hazardous substances (asbestos, PCBs, etc.)

Furthermore, DHR maintains the proper processing and procedures in accordance with laws and regulations for any chemical substances present on its properties to strictly handle all chemical substances in the most thorough manner to ensure no leaks or emissions.

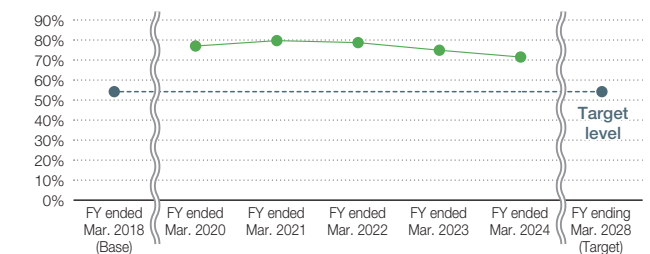
The Asset Manager considers chemical substance and pollution prevention to be important, and to strengthen its commitment to resolving sustainability issues and improving governance, the Asset Manager has implemented a compensation system in which the occurrence of environmental risk incidents (violations of environmental laws and regulations, etc.) is evaluated with regard to the compensation of the Asset Manager's Directors.

Soil Contamination Countermeasures

"FOLEO Ome Imai" was built on the land of a former electronic component production plant. Even though the soil contamination had been verified, construction work was conducted by properly excavating and removing the soil. DHR acquired the property after confirming that the topsoil survey for all specific hazardous chemicals after the construction work showed none of the substances were detected and all were in compliance with regulatory standards.

Waste Management (recycling rate)

Relevant Data (1 of 2)





Social

S o c i a l

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Diversity, Equity, and Inclusion

Policy and Basic Approach

For the Daiwa House Group to grow into a corporate capable of contributing to the world, it is important to respond flexibly to diverse values and ongoing changes in society, and to create new value to allow us to discover potential markets. Toward that end, we must foster a workplace climate that makes it possible to capitalize on the perspectives and creativity stemming from employees' diverse values, gender, age, ethnicity, language, culture, disabilities, lifestyles, and other attributes in order to form organizations that generate new ideas without being held back by outdated notions and preconceptions.

We are making efforts to promote active participation by women and otherwise strengthen diversity-based management so that a broader range of people can flourish in the future.

KPIs and Main Initiatives

Item	Fiscal year ended March 2024	Target for fiscal year ending March 2031
Diversity, equity, and inclusion		
Percentage of female managers (senior manager and above)	21.4%	39%
Percentage of female line managers (group leader and above)	6.3%	20%
Work styles (work-life balance)		
Percentage of male employees taking childcare leave	100%	100%
Percentage of paid leave taken	74.9%	85%
Engagement		
Turnover	4.3%	0%
Average tenure of employees	6.0 years	10 years
eNPS score	-13	-8

Conduct Employee Engagement Surveys

The Asset Manager recognizes human resources as its greatest asset and participates in the Engagement Survey conducted by the Daiwa House Group* every year to verify how well the Principles of Corporate Ethics and Code of Conduct are being practiced in the workplace and the employment satisfaction level.

In addition, the compensation of the Asset Manager's Directors is subject to the "Employee Engagement with the Company" score from the Engagement Survey, with the aim of achieving sustainable growth in corporate value.

*Surveys and analyses are outsourced to third-party institutions.

Benefits and Welfare

The Daiwa House Group recognizes the importance of promoting good health among its workforce and thereby improving labor productivity through consistent measures to eliminate excessively long working hours and help employees manage their health. Based on such recognition, the Asset Manager has introduced employee leave/vacation programs such as the ones below, in addition to celebratory event leave, bereavement leave, maternity/paternity leave, childcare leave*, child caregiving leave and elder caregiving leave* for all employees.

*Contract workers can also take advantage of these programs.

Item	Overview
Special paid vacation	Up to five days per year separately from annual paid vacation to promote employees' health, etc.
Accumulated paid vacation	Unused annual paid vacation days accumulate up to 20 days per year to a maximum of 100 days. Employees may use their accumulated paid vacation days as personal injury/sick leave, maternity/paternity leave, family caregiving leave or community co-creation leave
Family caregiving leave	Five days per year to care for ill family members (paid leave)
Community co-creation leave	Five days per year to participate in activities that contribute to society, training for such activities, etc. (paid leave)

Introduction of Wellness Leave System

- From the perspective of diversity, the name and details of the former "menstrual leave" were revised so that both male and female employees can take the leave.

Scope of coverage (the purpose of the leave does not need to be specified at the time of application)	Maximum days
- Menstrual leave^(*) - Secondary medical and gynecological checkups and examinations related to health checkups - Vaccination	15 days/year (paid leave) ^(*)

*1 Periods or hours beyond the limit may be taken as unpaid leave.

*2 Granted in addition to annual paid leave.

Introduction of Flextime System

- Start and end times are set between 7:30 to 21:00 on a daily basis.
- Minimum of 1 hour and maximum of 12.5 hours of work per day (no core hours are set).
- Accommodating flexible work styles by allowing voluntary breaks (time taken off from work during scheduled working hours and returning to work again)

Provision of Childbirth Benefits

- 300,000 yen per newborn as congratulatory money for childbirth

Provision of Return-to-work Benefits

- Promoting the return of female employees to work after maternity leave
- Eligibility: employees who have taken childcare leave and returned to work

Contents:	Leave duration	Return-to-work benefits
	Less than 3 months after childbirth	1 million yen
	More than 3 months, but less than 1 year after childbirth	500,000 yen
	More than 1 year after childbirth	300,000 yen

Provision of Childcare Leave Benefits

- Promoting male employees to take childcare leave

Eligibility: male employees who have taken childcare leave

Contents:	Number of days of childcare leave taken	Childcare leave benefits
	30 days or more	300,000 yen
	10 to less than 30 days	200,000 yen
	1 to less than 10 days	100,000 yen

Introduction of Allowance for Replacing Work of Coworkers on Long-term Leave

- Provided to employees who perform work as substitutes during the absence of persons on long-term leave, such as childcare leave, caregiver leave and medical leave
- Promotes a greater sense of understanding and unity overall in the workplace by easing the concerns of persons on long-term leave regarding the burden placed on their coworkers and by appropriately compensating the employees who support the workplace in their absence
- Payments to coworkers providing support are up to a maximum monthly amount of 50,000 yen per person and are limited to the amount of unpaid bonuses for the person on leave and to the period during which a replacement worker has not been employed

Human Rights and Labor Standards

Policy and Basic Approach

The Daiwa House Group Principles of Corporate Ethics stipulate “We respect basic human rights and the dignity of all people, and do not discriminate against anyone on the grounds of race, nationality, ethnicity, gender, sexual orientation, sexual identity, disability, age, creed, or social status.” In January 2018, the group established the Human Rights Policy of Daiwa House Group with an understanding of the corporate responsibility of respecting human rights as set forth in the UN Guiding Principles on Business and Human Rights. After receiving advice from outside experts, this policy was established by resolution of the Daiwa House Board of Directors in December 2017.



KPIs and Main Initiatives

Relevant training (fiscal year ended March 2024)

	Times held (days)	Total hours/person
Training on human rights and diversity	1	1
Training on bullying and harassment	0	0

Number of cases in which the Asset Manager received reports and took corrective action

Fiscal year ended March 2022	Fiscal year ended March 2023	Fiscal year ended March 2024
0	0	1

Number of reports about labor-related issues, discrimination, harassment, etc.

Fiscal year ended March 2022	Fiscal year ended March 2023	Fiscal year ended March 2024
0	0	1

Human Rights Due Diligence Process

The Asset Manager identifies potential risk areas related to the respect for human rights for DHR, the Asset Manager, contractors, and activities related to the value chain and business through the “risk assessment sheet,” which is updated annually. Furthermore, preventive measures, control assessments, and response measures are formulated after evaluating risks, taking into account the likelihood of risk occurrence and the degree of impact. In the “risk assessment sheet,” we identify and manage risks related to health and safety (employees, suppliers, contractors, and communities), child labor, freedom of association, labor management (forced labor), and compensation by identifying risk items related to human rights. Groups exposed to human rights-related risks include employees, women, children, and communities.

The General Managers of each department of the Asset Manager conducts a self-check of the risk management status twice a year, and the Compliance Officer reports the results of the self-checks and verifications to the President and CEO, the Compliance Committee, and the Board of Directors of the Asset Manager twice a year.



Labor/Management Relations

The Asset Manager has not yet organized a labor union but does recognize the constitutional right of every employee to have “freedom of association.” DHR has also signed and made a commitment to adhering to the United Nations Global Compact, one of whose principles is “the freedom of association and the effective recognition of the right to collective bargaining.” Labor-management relations at the Asset Manager have been harmonious, and there have been no large-scale mergers, acquisitions, or layoffs in the past three years. In addition, the Asset Manager has entered into a labor-management agreement on overtime work (36 Agreement) with its employees, and striven to maintain the health of its employees by appropriately managing working hours.

Overwork

At the Asset Manager, anyone who works more than 80 hours of overtime per month is required to have a health examination by an industrial physician.

Payment of Wages Above Minimum Wage and Equal Pay for Equal Work

The Asset Manager pays wages above the minimum wage provided for in laws and regulations and a wage that contributes to improving the standard of living by taking into account the commodity prices. Our compensation system also maintains equal pay for equal work and ensures no wage gap between genders. The Asset Manager has established an evaluation-linked monetary compensation system by post classification and conducted appropriate assessments of performance. Bonuses are paid twice a year in the summer and the winter, and the amount is determined according to work performance. In the fiscal year ended March 2024, the average annual salary paid by the Asset Manager was ¥10,641 thousand*.

*Average for full-time employees not including officers, fixed-term employees, or employees on external assignment

Labor-related Violations and Accidents

The Asset Manager had no significant labor-related violations or accidents that would influence stakeholders. (Fiscal year ended March 2024)

Initiatives for Local Community

■ Policy and Basic Approach

DHR and the Asset Manager provide safe and comfortable spaces at portfolio properties in an effort to enhance our competitiveness and improve our value. We also focus on business continuity plans (BCPs) and promote efforts with disaster resilience in mind in addition to promoting job creation to revitalize local communities.

We intend to continue working with the members of local communities to solve social issues with the ultimate aim of becoming a company worthy of their trust.

■ Support for Community Activities

Some retail properties owned by DHR host events as one form of support for community activities.

The Asset Manager supports community co-creation activities; partly through “Community Co-Creation Leave Program,” it has established to facilitate employees’ participation in activities that contribute to society, training for such activities, and other such endeavors. Community co-creation activities supported by the Asset Manager include (1) preservation of the natural environment (litter pickup activities, recycling movements), (2) education and youth development (school visits, experiential learning programs, athletic coaching), (3) social welfare (elder/juvenile/disabled welfare), (4) international cooperation (overseas volunteering, foreign language interpreting, etc.), (5) volunteer training and required credentialing programs (classes in invalid care skills, sign language), (6) community outreach (neighborhood association events), and (7) disaster relief activities.

» Castalia Meguro Kamurozaka

To make effective use of the party room (about 65 m²), the Asset Manager consulted with Shinagawa Ward Council of Social Welfare and started providing the place to hold a children’s cafeteria in December 2022. The children’s cafeteria is a social welfare activity that provides a warm social gathering place for the children and residents of the community, as well as inexpensive and nutritious meals. DHR and the Asset Manager support local activities by acting as a bridge between local residents, children, and organizers of the children’s cafeteria.



■ Disaster Relief/Resilience

» ACROSSMALL Shinkamagaya

The city of Kamagaya, Chiba, where “ACROSSMALL Shinkamagaya” is located, registers as “emergency communal wells” the wells that can provide well water to local residents when tap water supply is cut off in the event of a major earthquake or other disasters. In agreement with the intent of this program, DHR has registered the groundwater used at the property as an emergency communal well.



» FOLEO Ome Imai

DHR has entered into an “Agreement on Cooperation in Providing Parking Lots in Event of Disaster” with Ome City, Tokyo. This agreement stipulates that the parking lot of the FOLEO Ome Imai commercial facility will be opened free of charge to local residents and others as an emergency evacuation site for vehicles of local residents and others in the event of a disaster (linear precipitation zone, typhoon, or other heavy rainfall event that has occurred or is likely to occur) in the area of Ome City.

The property has 209 flat parking spaces and 143 rooftop parking spaces, of which approximately 70 rooftop parking spaces are subject to being free of charge.

The property is located near the Ome Interchange on the Ken-O Expressway, with the JR Ome Line to the west and the JR Hachiko Line to the east, in an area with a concentration of large-scale commercial facilities and excellent access. In addition, according to the “Ome City Disaster Prevention Map,” the property is outside the expected inundation zone in the event of storm and flood disasters, making it a suitable emergency evacuation site. By taking advantage of these characteristics of the property, we aim to contribute to the local community by collaborating with the local government regarding measures against storm and flood disasters, etc.

■ Countermeasures Against Large-scale Flooding

» DPL Nagareyama I

DHR has entered into an “Agreement on Use as Temporary Evacuation Facility in Event of Disaster” with Nagareyama City, Chiba. This agreement allows the city to use DHR property DPL Nagareyama I as a temporary evacuation facility for nearby residents and others in the event of large-scale flooding or other disaster. The purpose of this agreement is to ensure safety in the event that

the Edogawa River, which runs through the city, overflows due to torrential rains, etc., by temporarily taking in nearby residents and employees of companies in the Nagareyama Industrial Park until an evacuation center can be opened.

The latest BCP measures have been implemented at DPL Nagareyama I, including a seismic isolation structure and back-up power supply. The on-site parking lot, vehicle passageways on each floor (total floor area of 3,000 m² per floor), the cafeteria, and daycare center can serve as temporary shelters for up to 1,200 people in the event of a disaster, and it also keeps emergency supplies for 500 people.

In addition, there are ramps for accessing the vehicle passageways on each floor, and these can be used by evacuees arriving by car to get to the top floors while remaining in their cars. This allows quick evacuation, and with evacuees remaining in their cars, it can prevent the spread of infectious disease.

■ Business Continuity Plan (BCP)

DHR has enhanced BCP response from a wide range of perspectives so that tenants, users, and people in the local community can use these safe and comfortable facilities.

» D Project Machida, D Project Kuki III, DPL Misato, and DPL Nagareyama I

Seismic isolation structures* have been put in place not only to minimize load and facility damage in the event of a disaster but also to maintain building functions. These seismic isolation structures reduce vibrations to suppress shaking on upper floors and allow operations to restart in a short time.

*The seismic isolation structure reduces the transmission of seismic forces to the building by installing rubber laminations or other seismic isolators between the ground and the building.

» GRANODE Hiroshima

In addition to the installation of a seismic structure*, GRANODE Hiroshima has emergency power generators that can supply 72 hours of power as well as a generator space for tenants.

*The seismic structure reduces shaking by installing dampers, etc., to absorb the shaking within the building.

Initiatives for Tenants and Supply Chain

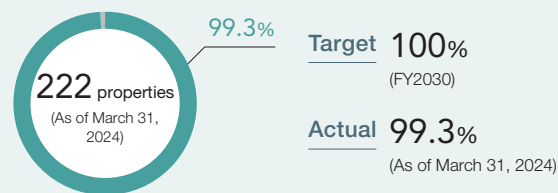
■ Policy and Basic Approach

DHR and the Asset Manager believe that the improvement of the workplace environment leading to tenant health and wellbeing is essential not only to ensure tenant satisfaction and maintain rental income, but also to manage tenant welfare risks arising from the use of the building. We believe that healthy building features not only have a direct impact on tenant health and comfort but also have indirect impacts, such as increasing intellectual productivity, which in turn increases tenant satisfaction and engagement.

■ KPIs and Main Initiatives

Aiming to improve the environmental performance of properties through a collaborative effort with tenants, DHR is promoting the introduction of green leases. In a green lease agreement, the building owner and the tenants jointly cooperate by proactively entering into agreements and memorandums of understanding regarding the reduction of the environmental burden of the property, such as through energy savings, and the improvement of the workplace environment leading to tenant health and wellbeing, and by putting the details of these undertakings into practice.

Percentage of Green Lease Agreements Signed



■ Tenant Health and Well-Being Initiatives

In some of the properties owned by DHR, we are implementing the following energy-saving and other measures to reduce environmental impact and improve the working environment for the health and well-being of tenants.

- Indoor air quality
- Water quality
- Lighting control and daylight utilization
- Physical exercise
- Thermal environment comfort
- Noise control
- Medical and mental health
- Accessibility
- Humidity
- Illuminance

■ Tenant Engagement Programs

DHR and the Asset Manager promote sustainability initiatives in cooperation with tenants of its properties. By distributing a sustainability guide that summarizes information such as the Sustainability Policy of the Asset Manager and environmental certifications to tenants and posting it at the properties, we share the social issues with the tenants and promote initiatives.

At some properties for which a green lease agreement has been concluded, DHR regularly confers with tenants in the aim of sharing environmental information and reduction targets.



Sustainability Guide



■ Initiatives to Increase Tenant Satisfaction

DHR regularly conducts surveys to grasp tenants' needs and satisfaction in the belief that increasing tenant satisfaction leads to stable and improved property-operating performance. The questionnaire results are shared with property management companies and used to improve building and facility specifications and services.

■ Supply Chain Management

Daiwa House Group conducts business with the belief that its suppliers are important business partners. Daiwa House Group believes that we can provide quality that satisfies our customers by forming an extensive supply chain that includes manufacturers of material and equipment, construction, and after-sale services. The requirements of institutional investors and NGOs for companies to engage in environmental and social initiatives have expanded to include not only the company and corporate group but also supply chain management. Even in international rules and stock exchange guidelines, the requirements for group CSR procurement initiatives and informational disclosure are becoming even stricter. The era the world is entering demands satisfying both social factors such as

human rights considerations and expectations for quality and price to be competitive.

The Daiwa House Group strives to realize a sustainable society through the promotion of CSR procurement together with its suppliers.

» Supply Chain Sustainability Guidelines

Our Supply Chain Sustainability Guidelines set forth seven social and environmental principles via a "Business Partner Code of Conduct." In addition, based on this code of conduct, our "Corporate Activity Guidelines" elucidate 42 specific social and environmental items. The "Business activities with high ethical standards" requirement in the "Business Partner Code of Conduct" stipulates that business partners are expected to act ethically and in full compliance with laws and regulations.

Where the code of conduct requires "considerations for occupational safety and health," business partners are expected to concern themselves about health and safety, by preventing industrial accidents, assiduously managing sanitation and hygiene, and being prepared for unforeseeable events like natural disasters. Our section on "fair business activities" requires our business partners to take anti-corruption measures in order to keep business free of graft and corruption. Furthermore, the section on "respecting human rights" outright disavows forced labor, child labor, harassment and infringements of human rights by way of discrimination, etc. The Asset Manager requires the property management companies to implement the Supply Chain Sustainability Guidelines, which is reflected in the annual assessment of property management companies.



■ Supplier-related Violations and Accidents

There were neither significant supplier-related violations nor accidents at DHR's properties that would affect stakeholders. (Fiscal year ended March 2024)

Investor Relations Initiatives

Policy and Basic Approach

DHR endeavors to ensure transparency in its asset management operations and disclose information that is easy to understand in a fair, timely, and accurate manner so that investors can make investment decisions in accord with the principle of self-responsibility. DHR discloses information in compliance with the rules set forth by the Financial Instruments and Exchange Act, the Act on Investment Trusts and Investment Corporations (hereinafter referred to as the “Investment Trusts Act”), the Tokyo Stock Exchange, and Investment Trusts Association, Japan, etc. DHR also endeavors to proactively disclose even information not legally or otherwise required for disclosure if the information is deemed likely to influence investors’ investment decisions.

KPIs and Main Initiatives

Completed IR Activities

(including online meetings and telephone/web conferences)

(April 2023–March 2024)

Results briefings for domestic institutional investors and analysts	2 times
IR meetings for domestic institutional investors and analysts	165 times
IR meetings for international institutional investors	52 times

Disclosure Policy

Information Disclosure System

As for DHR’s timely disclosures, the Fund Management Department of the Daiwa House REIT Division of the Asset Manager is the department responsible for disclosing information, and the General Manager of the department is responsible for handling information. Additionally, in order to monitor the appropriateness of timely disclosure operations, the Compliance Department verifies the disclosure materials along with the time, date, and method of disclosure, and other relevant items immediately following timely disclosure. The result is then reported to the DHR Board of Directors.

Method of Timely Disclosure

Timely disclosures are carried out by posting the information on the Timely Disclosure network (TDnet). Disclosure materials are also posted on DHR’s website on the same day.

Feedback on Opinions Received through IR Activities

Opinions and requests pertaining to our sustainability initiative received through dialogue with unitholders and investors are reported to the Board of Directors of the Asset Manager and the DHR Board of Directors twice annually, and timely and appropriate feedback is provided to the management personnel in an effort to further increase our corporate value.

IR Activities

The following is DHR’s IR schedule.

- Closing: February, August
- Announcement of financial results: April, October
- Results briefings: April, October
- Semi-Annual Report sent out: May, November



General Meeting of Unitholders

DHR disclosed “Summary of Resolutions of the 14th General Meeting of Unitholders (Reference)” relating to the 14th General Meeting of Unitholders held in November 2023 as the first initiative for DHR.





Governance

Governance

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Compliance

■ Policy and Basic Approach

The Asset Manager has established the following compliance-related guidelines in its internal Compliance Manual.

1. The Asset Manager is committed to thorough compliance as a fundamental management principle based on the realization that trust is its greatest asset and a keen awareness that compliance deficiencies can impair trust and, in turn, even undermine its management foundation.
2. Recognizing the importance of its societal mission and responsibilities in the national economy as an asset manager that manages investment corporations' assets, the Asset Manager will ensure compliance proactively and unremittingly.
3. By putting compliance into practice, the Asset Manager will contribute to the sound development of the economy and society, thereby elevating our reputation among investors and broadly gaining societal trust.

■ System for Promoting Compliance

The Asset Manager realizes compliance through the following system.

Organization/Title and post	Main role
Board of Directors	(1) Establish and revise compliance manuals and compliance programs as the decision-making body on fundamental matters related to promoting compliance. (2) Ask for reports on progress made on compliance from the Compliance Officer as necessary.
Compliance Committee	In principle, convened monthly and as necessary by the Compliance Officer for discussion of the agenda from the standpoint of compliance.
President and CEO	(1) Supervise introduction of basic compliance policies and programs. (2) Report to the Board of Directors on progress made on compliance at least every quarter and as necessary.
Compliance Officer	(1) Conduct overall compliance planning, drafting, and promotion as the head of compliance. (2) Promptly report to the President and CEO and provide necessary suggestions or instructions to relevant departments whenever problems in the context of compliance arise or are likely to arise. (3) Independently review from a compliance standpoint transactions and decisions pertaining to management of DHR's assets, as an entity independent of the Asset Manager's other internal organizations, without being influenced by other internal organizations' judgments.
Compliance Department	Engage in work related to compliance promotion, internal audits, verification of risk management, and more under the supervision of the Compliance Officer

■ Establishment and Practical Implementation of Compliance Manual

The Asset Manager has established a Compliance Manual in the aim of increasing the soundness and reliability of its management and organization as an asset manager that manages DHR's asset management operations and, in turn, earning the trust of unitholders and society by prescribing not only fundamental compliance-related principles by which its officers and employees should abide but also specific practical matters.

Neither DHR nor the Asset Manager makes any contributions or disbursements to political campaigns, political organizations, lobbyists, or lobbying groups.

	Fiscal year ended March 2020	Fiscal year ended March 2021	Fiscal year ended March 2022	Fiscal year ended March 2023	Fiscal year ended March 2024
Total contributions to and expenditures on political campaigns, political organizations, lobbyists, lobbying groups, etc. (yen)	0	0	0	0	0

» Conducting Compliance Assessments

The Asset Manager considers the following factors regarding employee compliance when evaluating performance (compensation).

<Evaluation 1> Understanding and implementing the Compliance Manual and Compliance Program

<Evaluation 2> (1) Appropriate information management,
(2) Response to antisocial forces,
(3) Response to interested party transactions

■ Issues Concerning the Asset Manager

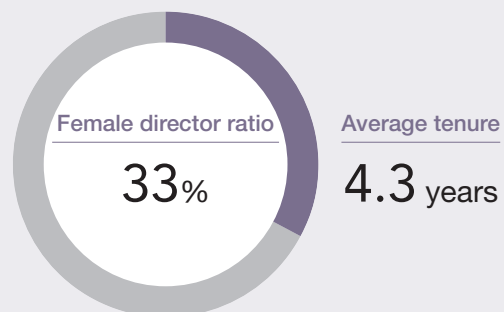
No material issues related to bribery, corruption, discrimination, harassment, private customer data, conflicts of interest, money laundering, and insider trading affecting stakeholders have occurred at the Asset Manager (FY2023).

■ Basic Policy on Fair Trade

The Daiwa House Group's "Daiwa House Group Principles of Corporate Ethics and Code of Conduct" clearly state that "we shall follow the principles of competition in a fair and free market" and "we shall not engage in any acts that impede the principles of free and fair competition, such as cartels and bid riggings, or exchange information, or hold any meetings or contacts that could lead to suspicion of such acts," and all officers and employees share the awareness to comply with the Antimonopoly Act (Act on Prohibition of Private Monopolization and Maintenance of Fair Trade) and the Subcontract Act (Act Against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors).

Corporate Governance

■ **DHR Directors** (As of March 31, 2024)



Management Structure

 Sustainability Committee

Compliance Committee	Members	Chair: Compliance Officer Members: Full-time Directors, officers and employees designated by the President approved by the Chair, outside experts
	Function and role	Deliberating and resolving on compliance in the context of operational and internal management
Daiwa House REIT Investment Management Committee	Members	Chair: Head of Daiwa House REIT Division Members: Full-time Directors (except those in charge of the Private Fund Division), General Manager of the Investment Department, General Managers of the Fund Management Department and Asset Management Department of the Daiwa House REIT Division, officers, and employees designated by the President approved by the Chair, and outside experts Observer: Compliance Officer
	Function and role	Deliberating and resolving on the validity and other attributes of DHR's asset management operations

Outside Expert Advisor of the Sustainability Committee

The Asset Manager has appointed an outside expert advisor who has extensive knowledge and experience in sustainability to the Sustainability Committee.

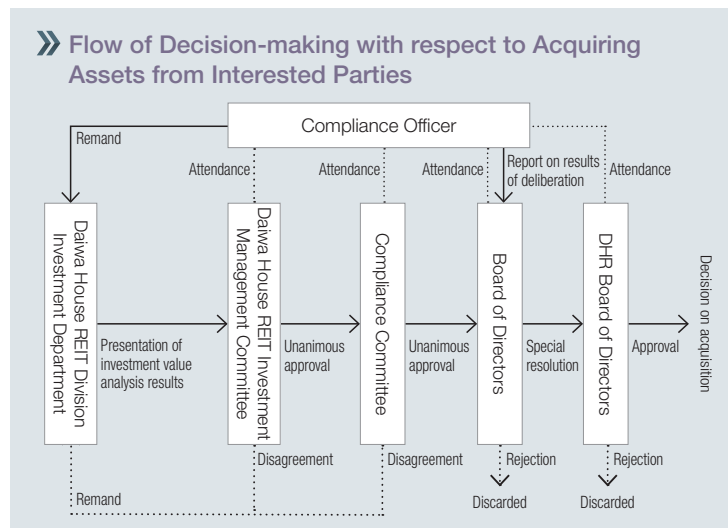
Name	Gender	Main concurrent positions	Attendance at Sustainability Committee meetings in the 35th & 36th periods
Emi Matsukawa	Female personnel	Representative Director, General Incorporated Association Collective Action Outside Advisor, PRONEXUS Inc. Senior Manager, General Incorporated Association CDP Worldwide-Japan	100% (12/12)

Handling of Conflict-of-interest Transactions

» Policy and Management Structure for Addressing Conflict-of-interest Transactions

The Daiwa House Group could significantly influence the decision-making of the Asset Manager and DHR. It is a close partner with the deepest understanding of the basic concepts of DHR. DHR recognizes that proper coordination with these companies is a means to carry out our asset management operations more effectively.

On the other hand, close relationships among companies are in fact conducive to acts that potentially pose conflicts of interest. Recognizing that preventing conflicts of interest with the Daiwa House Group and other interested parties is one of the top compliance priorities in the asset management operations, DHR and the Asset Manager have established the following control system.



Corporate Governance

DHR Directors: Status and Remuneration

We promote a diverse Board of Directors at DHR based on the idea that diversity is important.

The maximum monthly compensation for an Executive Director shall be ¥800,000, and that for a Supervisory Director shall be ¥350,000. The Board of Directors will determine the compensation amounts deemed reasonable in light of trends in general commodity prices, wages, and the like.

The criteria for payment of compensation of Executive Directors and Supervisory Directors are stipulated in the regulations, and any changes must be approved at a General Meeting of Unitholders.

Title and post	Name	Gender	Independent officer (Note 1)	Experience & expertise (Note 2)						Reason for election	Main qualifications	Attendance at Board of Directors meetings in the 35th & 36th periods	Director remuneration in the 35th & 36th periods
				Corporate Management	Real Estate	Legal & Compliance	Risk Management	Finance & Accounting	Sustainability				
Executive Director		Tsuyoshi Saito	Male personnel	✓	✓	✓	✓	✓	✓	Tsuyoshi Saito has a wealth of experience in overall bank management and finance, as well as extensive knowledge of domestic and international financial and economic conditions. He was elected as Executive Director based on his appropriate judgment pertaining to execution of business operations as well as his character and knowledge. There is no special interest relationship between him and DHR.	—	100% (4/4)	¥1,260 thousand (including ¥60 thousand in sustainability index-linked fees)
Supervisory Director		Hiroshi Ishikawa	Male personnel	✓	✓	✓	✓		✓	Hiroshi Ishikawa is familiar with laws and regulations as an attorney-at-law. In addition, he has experience as an outside director at a listed company. He was elected as Supervisory Director based on the judgment that he possesses the good character and knowledge necessary to supervise the execution of duties by Executive Director as a Supervisory Director and to perform his duties as a member of the DHR Board of Directors.	Attorney	100% (14/14)	¥4,200 thousand
Supervisory Director		Junko Kogayu	Female personnel	✓	✓		✓	✓	✓	Junko Kogayu is familiar with accounting and tax matters as a certified public accountant and tax accountant. In addition, she has experience as an outside director and audit & supervisory committee member at a listed company. She was elected as Supervisory Director based on the judgment that she possesses the good character and knowledge necessary to supervise the execution of duties by Executive Director as a Supervisory Director and to perform her duties as a member of the DHR Board of Directors.	Certified public accountant, tax accountant	100% (14/14)	¥4,200 thousand
Executive Director		Toshiharu Asada	Male personnel	✓	✓	✓	✓		✓	Toshiharu Asada has a wealth of operational experience and knowledge not only in general finance but also in real estate. He was elected as Executive Director based on his appropriate judgment pertaining to execution of business operations as well as his character and knowledge.	—	100% (10/10)	¥3,780 thousand (including ¥180 thousand in sustainability index-linked fees)

(Note 1) The Supervisory Directors of DHR are "independent officers" who are not in conflict with the criteria for independence from Executive Officers and the Asset Manager as stipulated in the Investment Trusts Act.

(Note 2) The table shows the leading skills at which each Director excels compared to others, not necessarily all of their knowledge and experience.

(Note 3) The Executive Director and Supervisory Directors do not hold investment units of DHR under their own or another person's name.

(Note 4) Former Executive Director Toshiharu Asada retired on November 30, 2023, and on December 1, 2023, Tsuyoshi Saito was newly appointed as Executive Director.

(Note 5) In regard to the liability set forth in Article 115-6, Paragraph 1 of the Investment Trusts Act, if a Director has acted in good faith and has not been grossly negligent in performing their duties, and it is deemed necessary considering the underlying facts, the status of the Director's performance of their duties, and other such circumstances, DHR may exempt them from liability to the extent allowed by law by resolution of the Board of Directors.

Corporate Governance

Sustainability Index-linked Fees

In November 2021, DHR introduced a provision to fluctuate the amount of asset management fees to the Asset Manager in conjunction with the sustainability indices as the first initiative in J-REITs for the purpose of increasing unitholder value by encouraging the reduction of GHG emissions of DHR properties and enhancing the external evaluations of its sustainability initiatives.

This is to increase or decrease the amount of asset management fees based on the sum of indexed GHG emissions reduction ratio, GRESB Rating, and CDP Score multiplied by the total assets of DHR, and is aimed at strengthening the commitment to solving sustainability issues and improving governance. Furthermore, remuneration for Executive Director of DHR and remuneration for directors of the Asset Manager are also linked to sustainability indices including GHG emissions reduction ratio, GRESB Rating, and CDP Score.

Asset Management Fee Structure

Management fee 1 (linked to assets)	Total assets × 0.18% ^(Note 1)
Management fee 2 (linked to NOI)	NOI × 4.5% ^(Note 1)
Management fee 3 (linked to sustainability indices)	(1) Total assets × 0.008% ^(Note 2) × Reduction in GHG emissions (2) Total assets × 0.002% ^(Note 3) × GRESB Rating (3) Total assets × 0.002% ^(Note 4) × CDP Score

(Note 1) The upper limit is 0.4% for Management fee 1 and 5.0% for Management fee 2.

(Note 2) The upper limit is 0.012% for the index (1) of Management fee 3.

(Note 3) The upper limit is 0.004% for the index (2) of Management fee 3.

(Note 4) The upper limit is 0.004% for the index (3) of Management fee 3.

Method of Calculating Sustainability Index Multiple

GHG	1 - GHG Emissions Reduction Ratio	* GHG emissions reduction ratio: ((b) - (a)) / (a) (a): GHG emissions intensity in fiscal year ended March 2018 (April 2017 - March 2018) 0.0556 (t-CO ₂ /m ²) (b): GHG emissions intensity in the immediately preceding fiscal year (April - March) (t-CO ₂ /m ²)							
GRESB Rating	★	★★	★★★	★★★★	★★★★★				
Multiple	0.8	0.9	1.0	1.1	1.2				
CDP Score	D-	D	C-	C	B-	B	A-	A	
Multiple	0.6	0.7	0.8	0.9	1.0	1.1	1.2	1.3	

* Multiple is determined based on the assessment in the immediately preceding fiscal period.

Compensation of the Asset Manager

Name	Description of compensation	Amount of compensation	
		35th period (Fiscal period ended August 31, 2023)	36th period (Fiscal period ended February 29, 2024)
Daiwa House Asset Management Co., Ltd.	Management fee 1 (linked to assets)	¥824,235 thousand	¥817,946 thousand
	Management fee 2 (linked to NOI)	¥1,020,652 thousand	¥1,042,789 thousand
	Management fee 3 (linked to sustainability indices)	¥71,928 thousand	¥71,833 thousand
	Acquisition/disposition fees	¥20,585 thousand	¥33,380 thousand
Total		¥1,937,402 thousand	¥1,965,950 thousand

Compensation of the Audit Firm

The amount of compensation for the Independent Auditor shall be determined by the Board of Directors, and the maximum shall be ¥25,000 thousand per fiscal period subject to audit.

Name	Description of compensation	Amount of compensation	
		35th period (Fiscal period ended August 31, 2023)	36th period (Fiscal period ended February 29, 2024)
Ernst & Young ShinNihon LLC	Compensation based on auditing duties	¥17,500 thousand	¥18,000 thousand
	Compensation based on non-auditing duties	¥— thousand ^(Note 3)	¥2,100 thousand ^(Note 3)
Total		¥17,500 thousand	¥20,100 thousand

(Note 1) Dismissal or non-reappointment of the Independent 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.

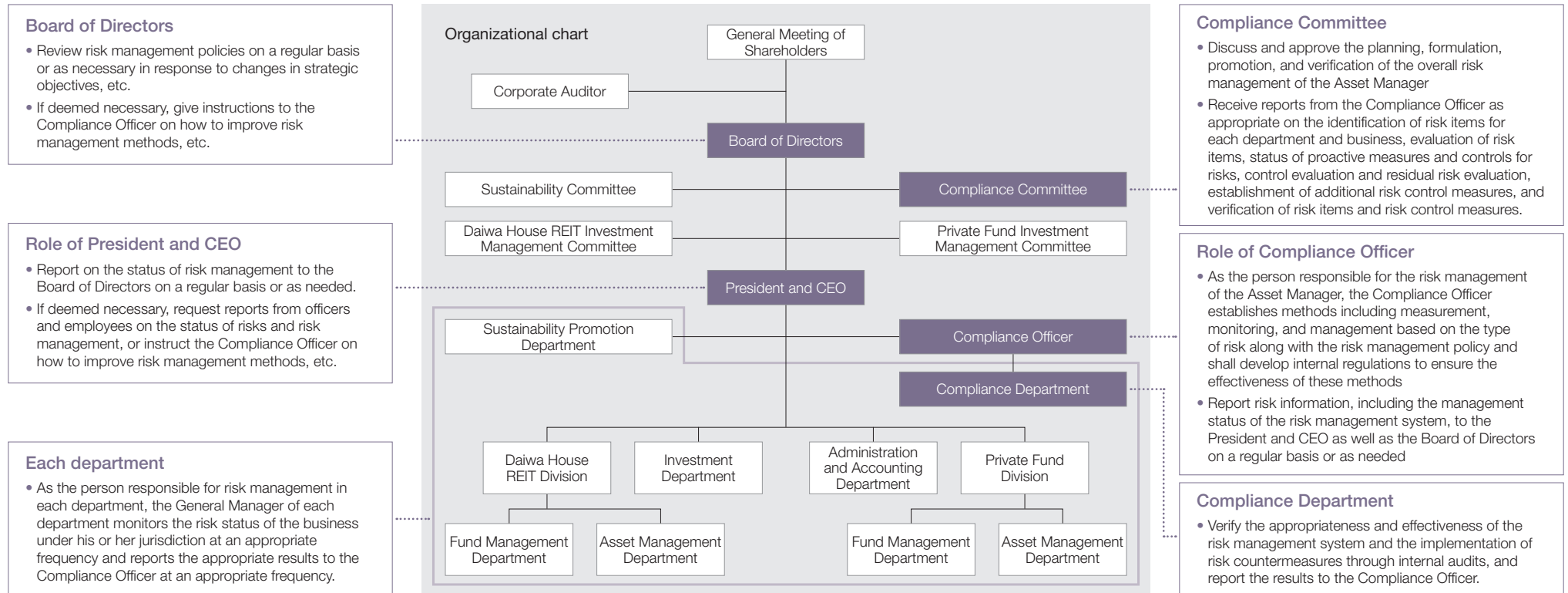
(Note 2) The continuous auditing period is from June 2005 to the present.

(Note 3) Compensation is for preparation of comfort letters.

Risk Management

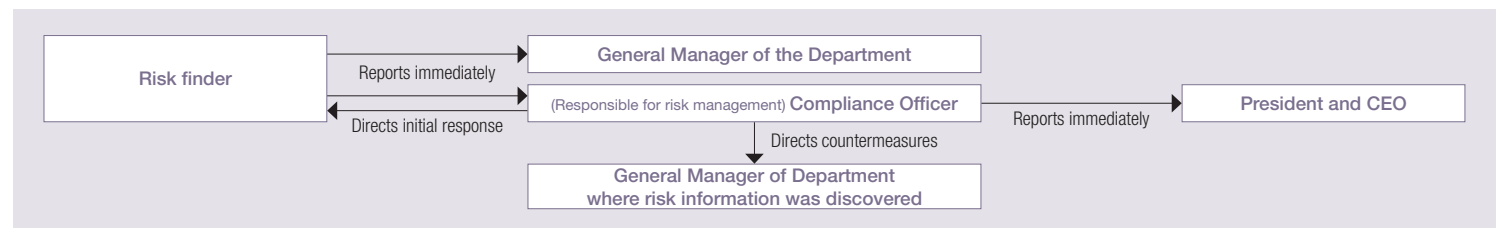
Risk Management System

The Asset Manager has prescribed Risk Management Regulations and Risk Management Implementation Guidelines regarding various risks that arise in the course of managing DHR's assets. It endeavors to manage risk based on a fundamental policy of comprehensively and accurately identifying risks, qualitatively and quantitatively measuring and appropriately assessing the identified risks' impacts on operations, formulating risk prevention measures, monitoring risk management status on an ongoing basis and formulating procedures for responding to risks when they surface.



Response Process When Risk Information Is Discovered

At the Asset Manager, the process is such that officers and employees proactively identify and report potential risks throughout the organization.



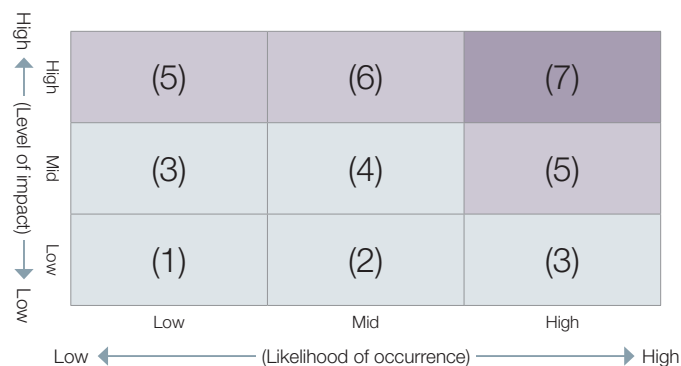
Risk Management

Risk Management Process

The Asset Manager's risk management is based on the identification, recognition, measurement, monitoring, and reporting of risks in each department, as well as the maintenance of a response system. The risk management process is as follows.

Evaluation of risk item	Each department evaluates risk items, taking into account the likelihood of risk occurrence and the degree of impact
Status of proactive measures and controls for risks	Each department lists the preventive measures that should be taken to prevent each applicable risk item in advance and the status of the current controls in place
Assessment of controls and residual risks	Each department evaluates the control situation and the resulting residual risks
Setting additional risk control measures	Each General Manager establishes additional risk control measures for risk items with a residual risk evaluation level of four or higher
Verifying risk items and risk control measures	The Compliance Department verifies that each operation is properly implemented
Reporting on risk management	The Compliance Officer compiles the results of their work and reports to the President and CEO in June of each year, as well as to the Compliance Committee and the Board of Directors as appropriate.
Self-checking and verifying risk management	- Each General Manager conducts a self-check of risk management status at the end of July and January of each year to determine the progress and effectiveness of implementation. - The Compliance Department compiles the results of their work, and monitors, verifies, and proposes improvements to the status of countermeasures in each department. - The Compliance Officer reports to the President and CEO in September and March of each year on the results of each department's self-check and verification, and also reports to the Compliance Committee and the Board of Directors as appropriate.
Directions for improving risk management, etc.	- The President and CEO, the Compliance Committee, and the Board of Directors direct the General Managers of each department to make improvements as necessary based on the results of self-checks. - The Compliance Officer reports the results of improvements to the President and CEO as necessary, and to the Compliance Committee and the Board of Directors as appropriate.
Reflection in the risk assessment sheet, etc.	The Compliance Department and each department will reflect the results of self-checks and the status of improvements based on the previous article in the risk assessment sheet as appropriate and utilize them for risk management in the next fiscal year.

Each department will evaluate risk items, taking into account the likelihood of risk occurrence and the degree of impact. The risk evaluation criteria, which consider both the likelihood of occurrence and the degree of impact, are as shown on the right, with the impact weighted slightly higher.



Risk Management

Information Security

The Asset Manager recognizes the proper management of information as an important management challenge and has established an information security policy as a basic policy to ensure information security. This policy implements the following items:

1. Preparation of an information security management system
2. Appointment of an information security manager
3. Establishment of internal regulations
4. Information security education
5. Reinforcement of management systems of outsourcing companies
6. Implementation of ongoing improvements

Additionally, the Asset Manager has established IT management Regulations, which define specific procedures for handling information devices to safely and smoothly manage information devices and secure the confidentiality and completeness of data, with an aim to fully protect the information handled by the Asset Manager.

» Conducting Drills to Respond to Targeted Email Attacks

The Asset Manager draws attention to suspicious emails through information security training conducted each period. However, in an effort to improve awareness among all officers and employees in a more practical way, the Asset Manager conducts drills for responding to targeted email attacks. If an officer or employee opens the email and then opens an attachment or clicks on an embedded link, they are shown educational content about targeted emails in an effort to verify and improve their awareness of information security.

» Receiving Regular Reports from Outside Contractors on Information Device Operation and Management

The Asset Manager has established IT management Regulations and Information Device Operation and Management Guidelines, and when it contracts the operation and management of information devices to an outside contractor, the person responsible for IT control (General Manager of the Administration and Accounting Department) receives quarterly reports on information device operation from the contractor.

» Governance on Information Security/Cyber Security

IT-related management (information and cyber security) is handled by the Asset Manager's Administration and Accounting Department, with the Managing Director and General Manager of the Administration and Accounting Department as the person responsible for IT control.

The person responsible for IT control is responsible for the following matters.

- (1) Supervision of IT-related operations
- (2) Overall IT management and maintenance
- (3) Provide guidance and advice to each department on the introduction of IT and promote its use
- (4) Other matters related to the handling of IT

The person responsible for IT control shall verify the IT-related management system at least once every three months and report the status of the management system to the Compliance Officer at each verification. In the event that deficiencies are found in the IT-related management system, the person responsible for IT control, in consultation with the Compliance Officer, shall review the IT-related management system.

Decisions and changes in the basic policy of the system architecture are subject to the approval of the Board of Directors.

Risks related to information and cyber security are handled by the Administration and Accounting Department, which assesses risks using the risk assessment sheet and reports on control measures and other matters to the Compliance Committee, of which the Managing Director and General Manager of the Administration and Accounting Department is a member, as well as to the Board of Directors and the DHR's Board of Directors.

» Internal Rules on Information Security/Cyber Security

At the Asset Manager, the internal rules require that, depending on the circumstances, an employee be reprimanded, reduced in pay, barred from work, suspended, or demoted/reduced in rank, if any of the following applies to the employee.

- (1) Leaking or attempting to leak Company secrets outside the Company, or obtaining Company or other company secrets through improper means
- (2) Using company computers in violation of company regulations or other instructions, infecting them with computer viruses or otherwise interfering with business operations, or using them for unauthorized purposes outside of work and similarly interfering with business operations
- (3) Unauthorized entry into the Company's network or hacking activities
- (4) Using the Internet or e-mail for inappropriate purposes with an account lent by the Company

» Conducting Third-party Vulnerability Analyses

At the Asset Manager, third-party vulnerability analyses conducted at the Daiwa House Group are conducted twice a year to confirm the current security status and implement appropriate measures in response to current issues, thereby mitigating risks such as information leaks.

Information Security-related Problems

There were no serious problems related to information security at the Asset Manager that would influence stakeholders. (Fiscal year ended March 2024)

 Information Security Declaration (Basic Policy)



Finance

F i n a n c e

Sustainability-Linked Bonds 40

Green Finance 41

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Sustainability-Linked Bonds

Policy and Basic Approach

Business value (economic value)



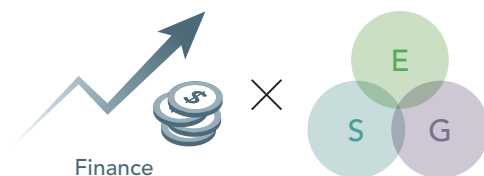
Social value (non-financial value)



Maximization of unitholder value

Issuance of Our First Sustainability-Linked Bonds to Promote ESG Strategy in Terms of Finance

- DHR's sustainability initiatives in the context of investment corporation bonds include issuing environment-related green bonds since 2019 and sustainability bonds, which are related to both the environment and society, in 2021. Additionally, as a new sustainability initiative in the context of finance, DHR issued Sustainability-Linked Bonds in 2022.
- DHR will continue to promote sustainability initiatives and meet demand from experienced ESG investors with the aim of further expanding the investor base and securing a stable means of financing.



- Sustainability-Linked Bonds have conditions that depend on whether the prescribed sustainability target has been achieved
- They are a new initiative wherein the results of sustainability initiatives are reflected in the form of economic value, namely the bonds' interest rate
- By achieving growth in both business and social value, these bonds will further advance the growth strategy of DHR—to maximize unitholder value

Overview of DHR Sustainability-Linked Bonds

Overview

Name	18th Unsecured Investment Corporation Bonds (Sustainability-Linked Bonds) (also referred to as "DHR Sustainability-Linked Bonds")								
Issue date	May 25, 2022								
Issue amount	¥4 billion								
Term	7 years								
SPT	DHR to be named on "A List" (highest recognition) in CDP Climate Change Program								
Interest rate	Initial interest rate: 0.575% per annum (May 26, 2022–May 25, 2023) Interest rate after SPT assessment: Based on level of achievement as shown on the table below (on and after May 26, 2023)								
	<table border="1"> <thead> <tr> <th>CDP Score</th><th>Interest rate</th></tr> </thead> <tbody> <tr> <td>A</td><td>0.550% per annum (-2.5 bp from initial interest rate)</td></tr> <tr> <td>A-</td><td>0.585% per annum (+1 bp from initial interest rate)</td></tr> <tr> <td>B, B-, C, C-, D, D-, F</td><td>0.600% per annum (+2.5 bp from initial interest rate)</td></tr> </tbody> </table>	CDP Score	Interest rate	A	0.550% per annum (-2.5 bp from initial interest rate)	A-	0.585% per annum (+1 bp from initial interest rate)	B, B-, C, C-, D, D-, F	0.600% per annum (+2.5 bp from initial interest rate)
CDP Score	Interest rate								
A	0.550% per annum (-2.5 bp from initial interest rate)								
A-	0.585% per annum (+1 bp from initial interest rate)								
B, B-, C, C-, D, D-, F	0.600% per annum (+2.5 bp from initial interest rate)								

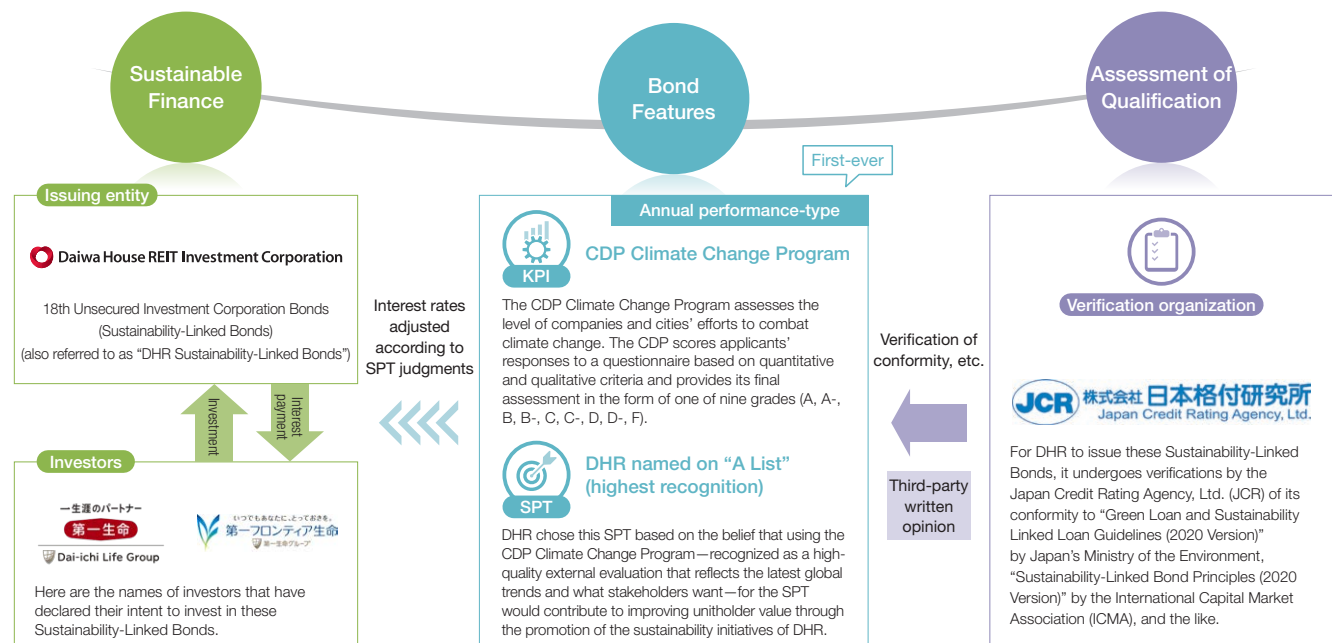
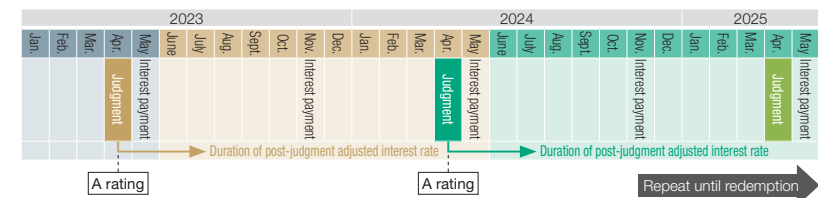
- Sustainability Performance Target (SPT): A prescribed sustainability-related target.

Structure

Rate adjusted according to SPT judgment



Schedule of SPT judgments and adjustments to interest rates



Green Finance

The Daiwa House Group's basic approach is "Creating Dreams, Building Hearts." As a group that co-creates value for individuals, communities and people's lifestyles, the group aims to build trust relationships with stakeholders and contribute to society through its businesses, and to realize a sustainable society by meeting the challenge of achieving "zero environmental impacts."

DHR shares the basic stance of the Daiwa House Group and engages in Green and Sustainability Finance to further promote real estate investment management that considers ESG.

Green Finance Framework

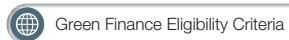
» Third-party Evaluation

DHR has obtained a rating of "Green 1 (F)" for our Green Finance Framework. This is the highest rating offered in JCR Green Finance Framework Evaluations conducted by the third party, Japan Credit Rating Agency, Ltd. (JCR).

For details on this evaluation, see the JCR website at <https://www.jcr.co.jp/greenfinance/>

» Eligibility Criteria

Funds procured through Green Bonds or Green Loans are applied to the acquisition of eligible green assets that meet the eligibility criteria below, refinancing of those funds or funding or refinancing renovation work.



» Management of Financing

The eligible green debt amount is calculated by multiplying the sum of the total acquisition price of eligible green assets and the total amount of renovation work that meets the eligibility criterion 2 (total amount of eligible green assets) by the interest-bearing debt to total assets ratio (LTV) as of the end of the most recent fiscal period. This is the maximum amount for Green Finance.

Period	36th period (Fiscal period ended February 29, 2024)
Total amount of eligible green assets	¥393,819 million
LTV	42.8%
Eligible green debt amount	¥168,555 million

Reporting

» Reporting on Status of Green Finance Fund Allocation

	Balance (millions of yen)	
Green Finance	28,500	
Green Bonds	15,000	
Green Loans	13,500	* Balance as of February 29, 2024.

The following table provides information about DHR's status of fund allocation regarding Green Finance.

Green Bonds

Name	Outstanding issue (millions of yen)	Interest rate	Issue date	Maturity	Unallocated amount (millions of yen)	Third-party evaluation
9th Unsecured Investment Corporation Bonds	6,000	0.53%	November 25, 2019	November 22, 2029	—	JCR Green Bond Evaluation "Green 1"
10th Unsecured Investment Corporation Bonds	2,400	0.34%	May 27, 2020	May 27, 2025	—	JCR Green Bond Evaluation "Green 1"
11th Unsecured Investment Corporation Bonds	1,600	0.64%	May 27, 2020	May 27, 2030	—	JCR Green Bond Evaluation "Green 1"
12th Unsecured Investment Corporation Bonds	1,000	1.00%	May 27, 2020	May 25, 2040	—	JCR Green Bond Evaluation "Green 1"
14th Unsecured Investment Corporation Bonds	4,000	0.50%	April 15, 2021	April 15, 2031	—	JCR Green Bond Evaluation "Green 1"

Green Loans

Lender	Loans executed and outstanding (millions of yen)	Interest rate	Borrowing date	Repayment date	Unallocated amount (millions of yen)	Third-party evaluation
Sumitomo Mitsui Banking Corporation MUFG Bank, Ltd. The Development Bank of Japan Inc. SBI Shinsei Bank, Limited Kansai Mirai Bank, Limited The Bank of Kyoto, Ltd.	Sumitomo Mitsui Trust Bank, Limited Mizuho Bank, Ltd. Mizuho Trust & Banking Co., Ltd. The Yamanashi Chuo Bank, Ltd. Shinkin Central Bank The Yamaguchi Bank, Ltd.	10,500	0.56419%	September 3, 2021	August 29, 2031	— JCR Green Loan Evaluation "Green 1"
The Dai-ichi Life Insurance Company, Limited		1,000	1.40000%	September 29, 2023	September 30, 2033	— JCR Green Loan Evaluation "Green 1"
SBI Shinsei Bank, Limited		1,000	1.30087%	October 2, 2023	March 31, 2032	— JCR Green Loan Evaluation "Green 1"
Kansai Mirai Bank, Limited		1,000	1.30087%	October 2, 2023	March 31, 2032	— JCR Green Loan Evaluation "Green 1"

» Impact Reporting

DHR will annually disclose the following indicators on its website for as long as the funds procured through green finance are outstanding.

- Number and type of environmental certifications of portfolio assets



- Water consumption
- Electric power consumption (energy consumption)

- CO₂ emissions (GHG emissions)



Sustainability Finance

Sustainability Finance Framework

» Third-party Evaluation

DHR has obtained a rating of “SU1 (F)” for our Sustainability Finance Framework. This is the highest rating offered in JCR Sustainability Finance Framework Evaluations conducted by the third party, Japan Credit Rating Agency, Ltd. (JCR).

For details on this evaluation, see the JCR website at <https://www.jcr.co.jp/greenfinance/>

» Eligibility Criteria

Funds procured through Sustainability Bonds or Sustainability Loans are applied to the acquisition of eligible sustainability assets that meet the sustainability eligibility criteria below or refinancing of those funds.



» Management of Financing

The eligible sustainability debt amount is calculated by multiplying the sum of the total acquisition price of eligible sustainability assets by the interest-bearing debt to total assets ratio (LTV) as of the end of the most recent fiscal period. This is the maximum procurement amount for Sustainability Finance.

Period	36th period (Fiscal period ended February 29, 2024)
Total amount of sustainability eligible assets	¥120,990 million
LTV	42.8%
Eligible sustainability debt amount	¥51,784 million

Reporting

» Reporting on Status of Sustainability Finance Fund Allocation

	Balance (millions of yen)
Sustainability Finance	4,000
Sustainability Bonds	4,000
Sustainability Loans	—

* Balance as of February 29, 2024.

The following table provides information about DHR's status of fund allocation regarding Sustainability Finance.

Sustainability Bonds

Name	Outstanding issue (millions of yen)	Interest rate	Issue date	Maturity	Unallocated amount (millions of yen)	Third-party evaluation
15th Unsecured Investment Corporation Bonds	3,000	0.40%	November 17, 2021	November 17, 2031	—	JCR Sustainability Bond Evaluation “SU1”
16th Unsecured Investment Corporation Bonds	1,000	0.66%	November 17, 2021	November 17, 2036	—	JCR Sustainability Bond Evaluation “SU1”

» Impact Reporting

DHR will annually disclose the following indicators on its website for as long as the funds procured through sustainability finance are outstanding.

1. Environment improvement effect

- Number and type of environmental certifications of acquired assets
 - Environmental Certifications
- Specific consumption
 - Water usage (water consumption)
 - Power usage (energy consumption)
- CO₂ emissions (GHG emissions)
 - Relevant Data (1 of 2)

2. Social benefit

(1) Output index

(As of February 29, 2024)

Index	Total number of indices
Number of sustainability eligible assets	7

(2) Outcome index

(As of February 29, 2024)

	Index	Total number of indices		Index	Total number of indices
(i) Local disaster prevention and resilience	Number of properties that have concluded disaster prevention agreements with local governments, etc.	3	(iii) Support for child rearing	Number of children acceptable at certified childcare facilities	433
	Number of properties that provide an evacuation shelter in the event of a disaster	3			
	Number of other properties contributing to local disaster prevention	3	(iv) Job creation for projects to help resolve local social issues	Employment status of local residents at applicable facilities	1
(ii) Care and medical services for senior citizens and people with disabilities	Number of units available at facilities for senior citizens	156			
	Number of medical facility tenants	14			

(3) Impact

Co-creation of value for individuals, communities, and people's lifestyles by revitalizing local environments and building safe and secure local communities

Relevant Data (1 of 2)

GHG Emissions of DHR

	Fiscal year ended March 2021	Fiscal year ended March 2022	Fiscal year ended March 2023	Fiscal year ended March 2024
Scope 1	115	551	525	364
Scope 2 (market-based)	7,094	61	48	0
Scope 3	114,932	137,720	145,313	161,698
Total GHG emissions	121,141	138,332	145,886	162,062

Unit: t-CO₂

GHG Emissions by Category (Scope 3)

Boundary: DHR, owned properties

	Fiscal year ended March 2020	Fiscal year ended March 2021	Fiscal year ended March 2022	Fiscal year ended March 2023	Fiscal year ended March 2024
1. Purchased goods and services	202	160	45	8,609	9,651
2. Capital goods	14,906	18,310	29,694	8,443	13,115
3. Fuel- and energy-related activities not included in Scope 1 or Scope 2	990	1,067	1,124	1,095	1,137
4. Upstream transportation and distribution	3	3	2	2	2
5. Waste generated in operations	24	130	164	156	204
6. Business travel	0	0	0	0	0
7. Employee commuting	0	0	0	0	0
Downstream 13. Downstream leased assets	83,053	95,263	106,690	127,008	137,588

Unit: t-CO₂

GHG Emissions of Portfolio Properties

	Fiscal year ended March 2018 (Base year)	Fiscal year ended March 2020	Fiscal year ended March 2021	Fiscal year ended March 2022	Fiscal year ended March 2023	Fiscal year ended March 2024
Number of properties	143 properties	190 properties	201 properties	211 properties	215 properties	223 properties
Scope 1		197	115	198	197	190
Scope 2 (location-based)		6,465	6,597	6,648	6,559	6,889
Scope 2 (market-based)		7,725	7,094	61	48	0
Scope 3 (only from fuel/electricity consumption associated with tenant-managed assets)	Not calculated	78,147	89,924	98,951	117,491	125,882
Scope 1+Scope 2 (location-based)		6,661	6,712	6,847	6,755	7,079
Scope 1+Scope 2 (market-based)		7,921	7,208	259	244	190
Scope 1+Scope 2 (location-based) + Scope 3	34,336	84,808	96,636	105,798	124,246	132,961
Scope 1+Scope 2 (market-based) + Scope 3	Not calculated	86,068	97,133	99,210	117,736	126,072
Scope 1+Scope 2 (location-based) + Scope 3						
Emission intensity (t-CO ₂ /m ²)	0.0556	0.0420	0.0397	0.0368	0.0385	0.0384
Reduction rate of intensity	—	-24.5%	-28.6%	-33.8%	-30.8%	-30.9%

Unit: t-CO₂

Energy consumption * Coverage is the proportion of electric or gas usage that can be tracked for the target areas.

	Fiscal year ended March 2018 (Base year)	Fiscal year ended March 2020	Fiscal year ended March 2021	Fiscal year ended March 2022	Fiscal year ended March 2023	Fiscal year ended March 2024
Number of properties	143 properties	190 properties	201 properties	211 properties	215 properties	223 properties
Total amount (MWh)	76,440	190,299	209,212	256,078	315,383	332,592
Consumption intensity (MWh/m ²)	0.1253	0.0943	0.0858	0.0890	0.0914	0.0908
Reduction rate of intensity	—	-24.7%	-31.5%	-29.0%	-27.1%	-27.5%
Coverage*	28.4%	67.0%	76.3%	80.0%	95.8%	99.2%

Water consumption

	Fiscal year ended March 2018 (Base year)	Fiscal year ended March 2020	Fiscal year ended March 2021	Fiscal year ended March 2022	Fiscal year ended March 2023	Fiscal year ended March 2024
Number of properties	142 properties	190 properties	200 properties	214 properties	214 properties	222 properties
Total amount (m ³)	391,637	900,955	852,793	927,080	2,006,203	2,048,582
Consumption intensity (m ³ /m ²)	0.8205	0.4296	0.3503	0.3307	0.5925	0.5693
Reduction rate of intensity	—	-47.6%	-57.3%	-59.7%	-27.8%	-30.6%
Coverage	22.2%	69.6%	76.2%	77.9%	94.1%	97.5%

Waste management

	Fiscal year ended March 2018 (Base year)	Fiscal year ended March 2020	Fiscal year ended March 2021	Fiscal year ended March 2022	Fiscal year ended March 2023	Fiscal year ended March 2024
Number of properties	6 properties	44 properties	55 properties	66 properties	75 properties	87 properties
Total amount (t)	1,203	12,990	14,445	20,910	22,405	24,722
Recycling rate	54.2%	77.0%	79.7%	78.7%	74.9%	71.5%
Coverage	6.9%	43.5%	55.0%	56.4%	60.7%	73.2%

Status of Environmental Certifications for the Portfolio

(As of March 31, 2024)

Logistics properties Residential properties Retail properties Hotel properties Other assets

Property number	Property name	DBJ Green Building 2021	CASBEE	BELS	ZEB	LEED	JHEP	ABINC
LB-001	D Project Machida		★★★★	★★★★★				
LB-002	D Project Hachioji		★★★★★	★				
LB-006	D Project Urayasu II		★★★★	★				
LB-008	D Project Noda		★★★★★	★★★★★ ZEB Ready				
LB-009	D Project Inuyama		★★★★	★				
LB-011	D Project Nayagawa			★				
LB-015	D Project Tsuchiura		★★★★★	★★★★				
LB-019	D Project Tosu			★				
LB-020	D Project Kuki I	★★★						
LB-021	D Project Kuki II		★★★★	★★★★				
LB-025	D Project Fukuoka Hakozaki			★★				
LB-026	D Project Kuki III			★				
LB-027	D Project Kuki IV	★★★	★★★★★	★★★★				
LB-028	D Project Kuki V		★★★★	★★★★★				
LB-029	D Project Kuki VI		★★★★★	★★★★				
LB-030	D Project Yashio		★★★★★	★★★★★ ZEB Ready				
LB-031	D Project Nishiyodogawa			★★				
LB-033	D Project Hibiki Noda		★★★★					
LB-035	D Project Kawagoe III			★				
LB-037	D Project Urayasu III		★★★★★	★★				
LB-038	D Project Tomisato			★★★				
LB-043	D Project Tatebayashi			★★★★				
LB-044	D Project Kakogawa		★★★★★	★★★★★ ZEB Ready				
LB-045	D Project Hiroshima Sefu			★★★★				
LB-049	D Project Chibakita		★★★★★	★★★★★				
LB-050	D Project Matsudo II			★				
LB-051	D Project Tomisato II		★★★★★	★★				
LB-053	D Project Sendai Izumi II			★★★★				
LB-054	D Project Kamakura			★★				
LB-055	D Project Fuji		★★★★★					
LB-056	D Project Tosu III			★★★				
LB-057	D Project Kitahachioji I			★★★★★				
LB-059	D Project Kitahachioji III		★★★★	★★★★				
LB-060	D Project Itabashi Shingashi		★★★★	★★★★				
LB-062	D Project Kuki VIII		★★★★★	★★★★★				
LB-065	D Project Wako A		★★★★★	★★★★				
LB-066	D Project Hiratsuka		★★★★★	★★★★★ ZEB Ready				
LB-067	D Project Kadoma I		★★★★★	★★★★★				
LM-001	DPL Maeto	★★★★	★★★★★	★★★★★ ZEB Ready				
LM-002	DPL Fukuoka Kasuya	★★★	★★★★★	★★★★★ ZEB Ready				
LM-003	DPL Kitakyushu		★★★★★	★★★★★ ZEB Ready				
LM-004	DPL Nagaryama I	★★★★★	★★★★★	★★★★★ ZEB Ready				
LM-005	DPL Shin-Narashino			★★★				
LM-006	DPL Nagaryama III			★★★★★ "ZEB"		Certified		
LM-007	DPL Urayasu III			★★★★★				
RE-001	Qiz Ebisu		★★★					
RE-013	Castalia Nishi Azabu Kasumicho			★★				
RE-021	Castalia Yoyogi Uehara			★				
RE-039	Castalia Takarawa		★★★★					
RE-043	Shibaura Island Bloom Tower	★★★★★						
RE-045	Castalia Hattudai II			★				
RE-059	Castalia Tower Shinagawa Seaside		★★★★	★★				
RE-077	Castalia Monzenakacho II		★★★★					
RE-081	Royal Parks Toyosu	★★★★★		★			A	
RE-088	Castalia Nakameguro		★★★★					
RE-089	Castalia Meguro Choyamaru		★★★★	★★				
RE-094	Royal Parks SEASIR		★★★★	★★				
RE-107	Royal Parks Hanakoganei	★★★★★		★				Certified
RE-108	Royal Parks Wakatsuki	★★★★★						
RE-110	Pacific Royal Court Minatomirai Urban Tower	★★★★★		★				
RE-112	Royal Parks Musashikosugi		★★★★					
RE-118	Castalia Abeno		★★★★					
RE-138	Royal Parks Namba		★★★★	★★				
RE-141	Castalia Ningyocho III			★★				
RE-142	Royal Parks Umejima		★★★★					
RM-001	ACROSSMALL Shinkamagaya	★★★★	★★★★★					
RM-008	FOLEO Ome Imai		★★★★★	★★				
RM-009	FOLEO Otsu Ichiriyama	★★★★	★★★★★	★★★★★				
RM-010	FOLEO Hakata		★★★★★					
RM-012	Itoe Taikoku	★★★★★	★★★★★	★★★★				
RR-004	Sports Depo and GOLF5 Kokurahigashi IC Store		★★★★★	★★★★				
HO-003	Daiwa Roynet Hotel Nagoya Shinkansenguchi			★★★★				
HO-004	AMANEK Kanazawa			★★★★				
HO-005	Candee Hotels Nagasaki Shinchi Chinatown			★★★★				
OT-003	Naha Shin-Toshin Center Building (Daiwa Roynet Hotel Naha-Omoromachi)	★★★	★★★★★					
OT-005	Nursery Room Berry Bear Omori Nishi Welcia Ota Omori Nishi Store		★★★★	★★★				
OT-006	GRANODE Hiroshima	★★★★	★★★★★	★★				

Relevant Data (2 of 2)

Personnel Data

Item	Fiscal year ended March 2020	Fiscal year ended March 2021	Fiscal year ended March 2022	Fiscal year ended March 2023	Fiscal year ended March 2024
Total personnel ^{*1}	60	59	64	70	69
Male personnel / percentage of total	42 / 70.0%	40 / 67.8%	39 / 60.9%	45 / 64.3%	44 / 63.8%
Female personnel / percentage of total	18 / 30.0%	19 / 32.2%	25 / 39.1%	25 / 35.7%	25 / 36.2%
Manager ^{*1 *2}	22	27	28	29	28
Male personnel / percentage of total	21 / 95.5%	24 / 88.9%	23 / 82.1%	23 / 79.3%	22 / 78.6%
Female personnel / percentage of total	1 / 4.5%	3 / 11.1%	5 / 17.9%	6 / 20.7%	6 / 21.4%
New hires	2	13 ^{*5}	5 ^{*5}	0	10
Male personnel / percentage of total	2 / 100%	4 / 31%	5 / 100%	0 / 0%	5 / 50.0%
Female personnel / percentage of total	0 / 0%	9 / 69%	0 / 0%	0 / 0%	5 / 50.0%
Job leavers	7	2	2	1	3
Turnover ^{*3}	11.7%	3.4%	3.1%	1.4%	4.3%
Monthly average overtime hours	12.8 hours	13.6 hours	15.4 hours	16.5 hours	14.4 hours
Average tenure	4.8 years	5.1 years	5.0 years	5.6 years	6.0 years
Male personnel	4.8 years	5.2 years	5.4 years	5.5 years	6.1 years
Female personnel	4.8 years	4.7 years	4.3 years	5.6 years	5.9 years
Percentage of personnel who had stress checks	100.0%	100.0%	100.0%	100.0%	100.0%
Number of employees who took parental leave / number of employees who returned to work	1 / 1	3 / 1	3 / 2	8 / 5	6 / 3
Male personnel	1 / 1	1 / 1	0 / 0	5 / 5	1 / 1
Female personnel	0 / 0	2 / 0	3 / 2	3 / 0	5 / 2
Return rate	0.0%	33.3%	66.7%	62.5%	50.0%
M&As	0	0	0	0	0
Employee lay offs	0	0	0	0	0
Number of employees who took elder caregiving leave	0	0	0	1	4
Number of employees aged 60 and older	0	1	1	2	4
Number of employees who are foreign nationals	0	0	0	0	0
Number of employees belonging to ethnic minorities	0	0	0	0	0
Number of employees with disabilities	0	0	0	0	0
Average days of annual paid vacation taken / paid vacation usage rate	12.5 days / 66.3%	13.1 days / 71.7%	13.1 days / 71.3%	13.6 days / 72.4%	14.6 days / 74.9%
Percentage of personnel who had health checkup	100.0%	100.0%	100.0%	100.0%	100.0%
Occupational accident frequency rate ^{*4}	0.0%	0.0%	0.0%	0.0%	0.0%

^{*1} Headcounts are as of April 1 of each fiscal year. ^{*2} Senior manager and above.

^{*3} Turnover is the ratio of job leavers to total personnel using total personnel as of April 1 of each fiscal year.

^{*4} Occupational accident frequency rate = (occupational injuries/fatalities ÷ total actual hours worked) × 1,000,000

^{*5} This figure includes a new graduate hired as an employee.

Training on Operational Expertise

Unit: Number of training sessions

Item	Fiscal year ended March 2018	Fiscal year ended March 2019	Fiscal year ended March 2020	Fiscal year ended March 2021	Fiscal year ended March 2022	Fiscal year ended March 2023	Fiscal year ended March 2024
Sustainability training	1	1	1	1	1	4	4
Training for general managers and above	0	0	1	0	0	1	2
Training for senior managers and group leaders	0	0	1	0	0	4	0
Middle-management employee training	0	0	0	0	0	6	0
OJT trainer training	0	0	0	0	5	7	2
Young employee training	0	0	0	0	1	2	2
Real estate market training	4	5	5	5	4	4	6
New employee training	5	3	4	5	4	2	7
Other training	3	4	4	18	1	9	12
Architectural training	18	0	0	10	0	9	3

Number of the Asset Manager Employees with Qualifications (Total of 80 officers and employees as of March 31, 2024)

Item	Number of people with qualifications [*]	Item	Number of people with qualifications [*]
ARES (Association for Real Estate Securitization) Certified Master	35	Office Building Manager	12
Real Estate Transaction Agent	69	CASBEE Accredited Professional for Buildings	2
Real Estate Appraiser	2	CASBEE Accredited Professional for Real Estate	4
First-Class Architect	2	Certified Internal Auditor	2
Certified Real Estate Consulting Master	9		

^{*} Includes Personnel who have Passed the credentialing exam but are not yet credentialed.

Health Data

Item	Fiscal year ended March 2021	Fiscal year ended March 2022	Fiscal year ended March 2023	Fiscal year ended March 2024
Percentage of personnel who had regular health checkups	100%	100%	100%	100%
Percentage of personnel who received metabolic syndrome-specific health guidance ^{*1}	100%	N/A	100%	100%
Percentage of smokers	18%	10%	9%	14%
Percentage of personnel who exercise regularly ^{*2}	29%	19%	20%	33%
Percentage of personnel who drink alcohol responsibly ^{*3}	51%	62%	51%	48%
Percentage of personnel who get sufficient sleep	76%	85%	77%	81%

^{*1} Percentage of personnel who completed metabolic syndrome-specific health guidance based on the results of their regular health checkups

^{*2} Percentage of personnel who exercise for at least 30 minutes at least twice a week for at least one year

^{*3} Percentage of personnel who drink less than 180 mL of alcoholic beverage (the appropriate amount) when they drink

Individual Health Management Measures

Item	Result (fiscal year ended March 2024)	Participation rate	Amount invested
Radio calisthenics	245 times	100%	—
Distributing free passes to sports clubs	100 passes	—	¥330 thousand

Data Showing the Benefits of Health Management on Corporate Management

Item	Fiscal year ended March 2020	Fiscal year ended March 2021	Fiscal year ended March 2022	Fiscal year ended March 2023	Fiscal year ended March 2024
Sales	¥3,498 million	¥4,187 million	¥4,500 million	¥4,456 million	¥5,135 million
Turnover ^{*1}	11.7%	3.4%	3.1%	1.4%	4.3%
Monthly average overtime hours	12.8 hours	13.6 hours	15.4 hours	16.5 hours	14.4 hours

^{*1} Turnover is the ratio of job leavers to total personnel using total personnel as of April 1 of each fiscal year.

Sales, turnover, and monthly average overtime hours were identified as data that would show the benefits of health management on corporate management. Although monthly average overtime hours have gone up, sales have increased and turnover has decreased, demonstrating the benefits of the initiatives.

Data on Improvement on Health Issues

Item	Fiscal year ended March 2020	Fiscal year ended March 2021	Fiscal year ended March 2022	Fiscal year ended March 2023	Fiscal year ended March 2024
Percentage of personnel with remarks on their health checkups	63.7%	49.1%	53.4%	54.4%	48.5%

The percentage of personnel with remarks on their health checkups was identified as data that would show improvement on health issues. The figure of 48.5% for the fiscal year ended March 2024 represents a 15.2 percentage point improvement on the figure for the fiscal year ended March 2020, demonstrating the benefits of the initiatives.

Prevention of Corruption

Item	Fiscal year ended March 2020	Fiscal year ended March 2021	Fiscal year ended March 2022	Fiscal year ended March 2023	Fiscal year ended March 2024
Total political contributions (yen)	0	0	0	0	0
Number of incidents related to fraud or corruption	0	0	0	0	0
Number of dismissals or termination related to fraud or corruption	0	0	0	0	0
Costs of fines, penalties, and settlements related to fraud or corruption (yen)	0	0	0	0	0

Item	Fiscal year ended March 2020	Fiscal year ended March 2021	Fiscal year ended March 2022	Fiscal year ended March 2023	Fiscal year ended March 2024
Compliance training	9 times	12 times	12 times	12 times	13 times

Information Security

Item	Fiscal year ended March 2020	Fiscal year ended March 2021	Fiscal year ended March 2022	Fiscal year ended March 2023	Fiscal year ended March 2024
Information security training	2 times	2 times	2 times	2 times	2 times



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