Daiwa House REIT

Sustainability Report 2026

Daiwa House REIT Investment Corporation

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

Contents

Message from the Management

Sustainability

Environment

Social

Governance

Finance

Relevant Data

Editorial Policy

This report describes the 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 strive for 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 2026. 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 2026 (Issue frequency: Annually, Next issue: August 2027 (subject to change))
Coverage:	In general, Daiwa House REIT Investment Corporation and Daiwa House Asset Management Co., Ltd.
Period:	April 2025–March 2026 (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"
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GRI Content Index

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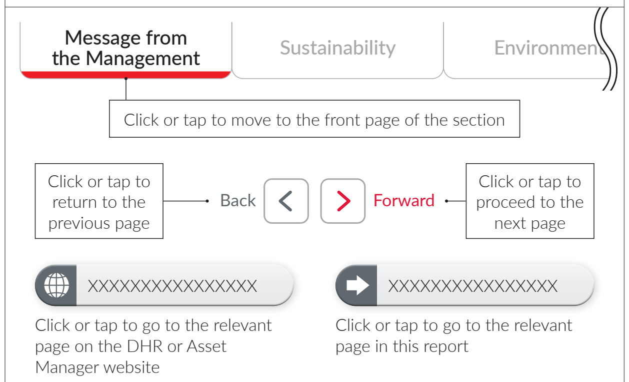
Each page features navigation buttons to make it easier to move between pages.



Message from the Management

Tsuyoshi Saito

Executive Director
Daiwa House REIT
Investment Corporation

Koji Narumiya

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 the Daiwa House Group's comprehensive strengths and expertise in 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

DHR and the Asset Manager share the Daiwa House Group's basic approach of "Creating Dreams, Building Hearts." To attain a sustainable society, it is essential that we include environmental, social, and governance ("ESG") considerations in real estate investment management operations. We also believe that this will contribute to 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) promoting human capital management and KENKO Investment for Health at the Asset Manager, and (5) committing to ESG implementation 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.

Our Vision

DHR will invest in and manage real estate assets in response to societal needs, and work to continuously increase unitholder value by ensuring stable revenue and steady growth of its assets under management over the medium to long term.

The Asset Manager is responsible for asset management of Daiwa House REIT Investment Corporation, a J-REIT. We have established a compliance structure that emphasizes effectiveness and we strive to practice appropriate and timely disclosure that emphasizes transparency. To achieve this, we are making full use of the comprehensive strengths of our sponsor, the Daiwa House Group, from planning, development, and construction to tenant leasing, administration, and management.
The Daiwa House Group has set "Our Future Landscape – Celebrating the Joys of Life" as its hopes for the future (purpose). This expresses the Group's vision for the society it wants to create and the role it will play for the year 2055, that marks its 100th anniversary.
In January 2025, in order to fulfill the Daiwa House Group's purpose, we also established our vision: "To be an 'Ishizue' for society. For a secure and prosperous future."
"Ishizue" goes beyond its literal meaning—an element that forms the foundation of things—as in real estate and infrastructure. It is an embodiment of our determination to play a central supporting role in realizing a prosperous future in which all stakeholders can feel equally secure.

As real estate asset management professionals who implement ESG through our business operations, we will achieve growth with the aspiration to be a company that constantly earns the trust of everyone.

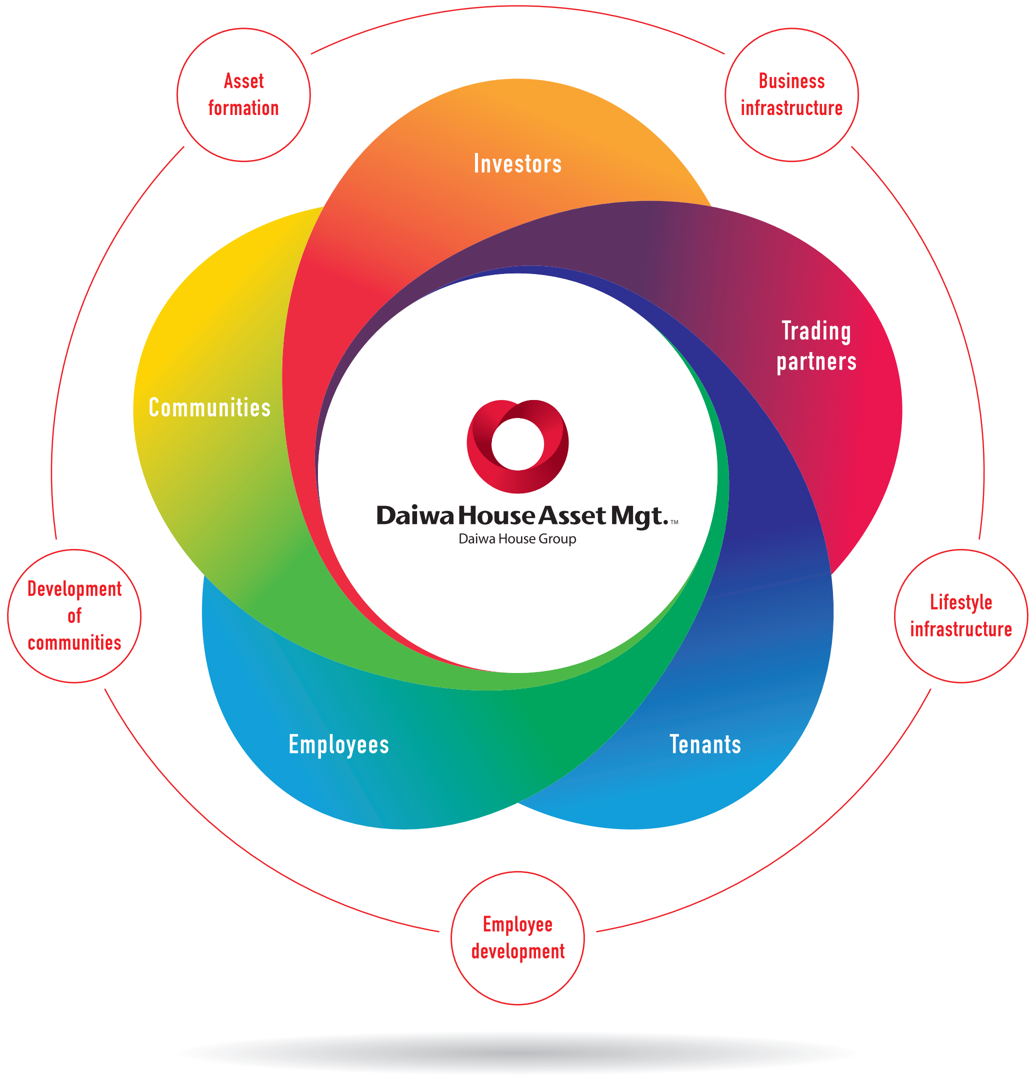
Vision of the Asset Manager

To be an "Ishizue" for society.
For a secure and prosperous future.

We wish to support the development of asset formation, lifestyle infrastructure, business infrastructure, and communities for all stakeholders and to realize a secure and prosperous future by investing in quality real estate that contributes to society and increasing its value.

It is our goal to support such future as an "Ishizue."

As a real estate asset management professional, we aim to be a company that constantly earns the trust of everyone.



(Note) "Ishizue" means an element that forms the foundation of things.

Sustainability Policy / Stakeholder Engagement

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." The Asset Manager 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 for 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.

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.

7. Promotion of communication through information disclosure

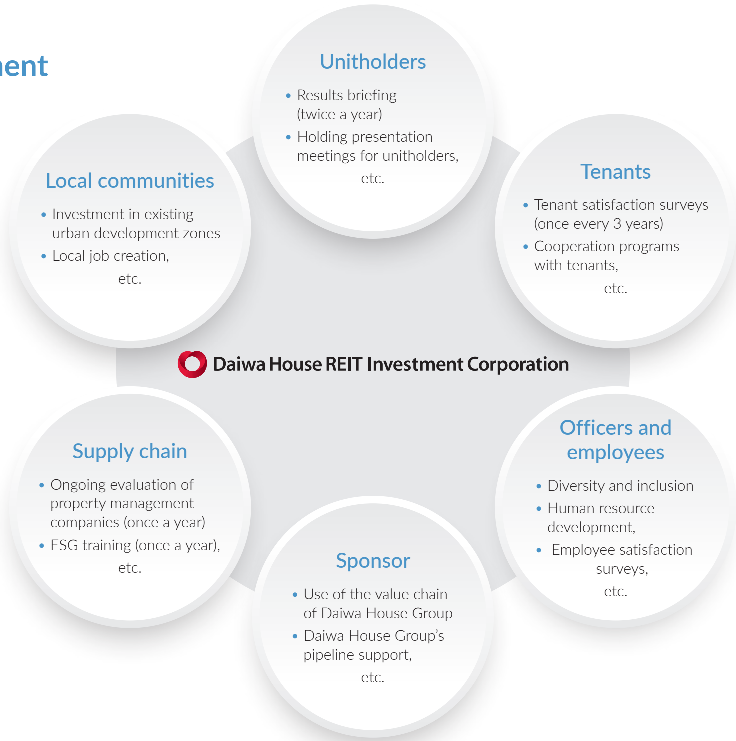
We will proactively disclose ESG-related information and utilize dialogues with stakeholders, such as investors, in our future business activities. Furthermore, we will aim for continuous obtainment of Green Building Certification.

8. Compliance with laws and regulations, and risk management

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

Stakeholder Engagement

DHR conducts its business and other activities through interactions with its various stakeholders, including not only unitholders, tenants of properties, local communities, supply chains, etc., but also officers and employees of the Asset Manager and the sponsor. DHR aims for sustainable growth by building long-term relationships and actively communicating with stakeholders.



Preliminary Review When Considering a Property Acquisition

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

Item	Confirmation details
Disaster risk	• 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	• Obtaining 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.
Disaster preparedness agreements	• Conclusion of disaster preparedness agreements, etc., with local governments and other parties

Sustainability Promotion System

Sustainability Promotion System, Supervision by Board of Directors, and Role of Top Management

Sustainability Committee

- Deliberates and resolves on sustainability-related policy and strategy development
- Deliberates and resolves on execution of sustainability-related operations
- Reports to the Asset Manager Board of Directors and DHR Board of Directors on sustainability-related issues (including climate and nature-related issues) once every 3 months and received supervision by the Asset Manager Board of Directors

Sustainability Promotion System

Committee head:	President and CEO
Operating officer:	General Manager of Well-being Department, Administration and Accounting Division
Executing officer:	Head of Daiwa House REIT Division, Head of Private Fund Division

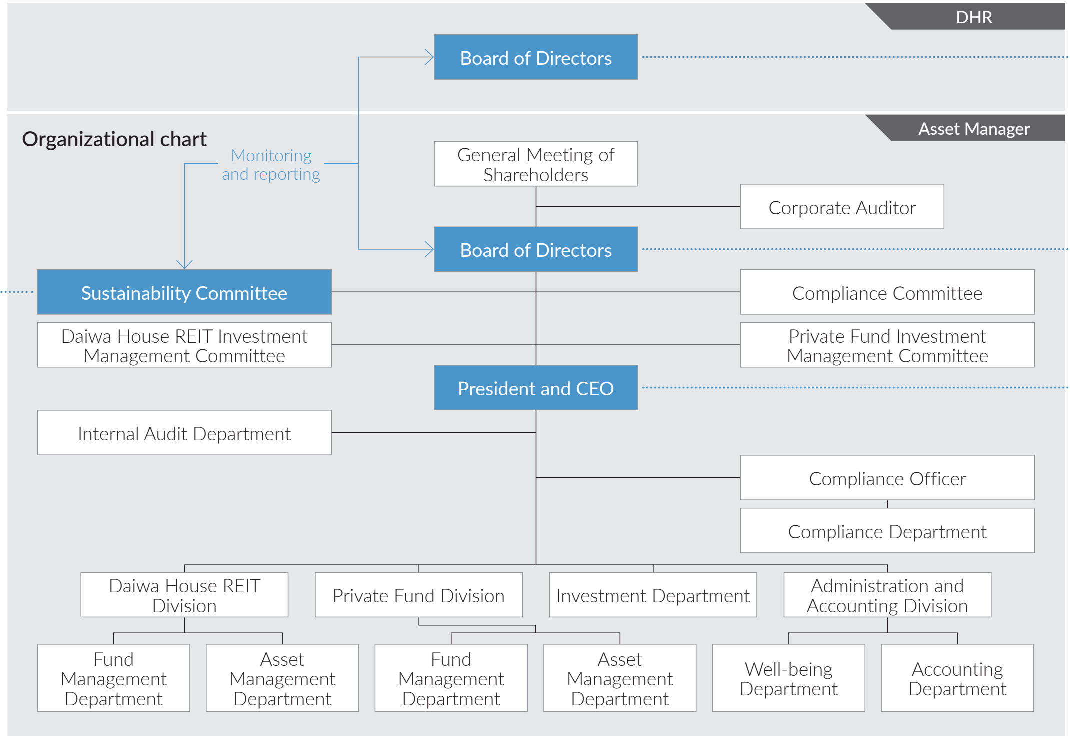
Sustainability Committee

Members:	All full-time Directors, Heads of Division, General Managers (excluding the General Manager of Compliance Department and the General Manager of Internal Audit Department), and other selected officers and employees
Observers:	Outside expert advisor, Compliance Officer, General Manager of Compliance Department and General Manager of Internal Audit Department
Frequency of meetings:	At least once a month
Function and role:	Deliberations and approvals regarding sustainability-related policy and strategy development and execution of sustainability-related operations, and reporting to the Board of Directors and the DHR Board of Directors as appropriate

Number of Meetings Held

FY ended Mar. 2026

Sustainability Committee	12 times



Role of the Board of Directors

Receives and monitors reports from the Sustainability Committee and the Board of Directors of the Asset Manager on sustainability-related matters (considerations for climate-related, biodiversity, and other global environmental issues and risk management for natural disasters, etc.)

Supervision by Board of Directors

Receives reports from the Sustainability Committee on sustainability-related issues (including climate and nature-related issues) and monitors and supervises the progress.

Role of President and CEO

As the Chief Executive at the Board of Directors and the Chief Executive of the Sustainability Committee, provides final approval of various goals and measures, evaluates the status of efforts, and gives instructions for review concerning sustainability-related issues (including climate and nature-related issues)

Number of Reports on Sustainability-related Matters

	FY ended Mar. 2026
Board of Directors	12 times
DHR Board of Directors	12 times

Main Items Reported and Resolved (Fiscal Year Ended March 2026)

Sustainability Committee

(Resolutions)

Order of succession for the Acting Chair of the Sustainability Committee; selection of projects for the issuance of Sustainability Bonds; conclusion of Green Loans agreements; withdrawal from initiatives

(Reports)

Sustainability-related budget planning; sustainability assessment (outside expert advisor); sustainability implementation plan and results; annual sustainability-related work schedule; preparation and disclosure of the sustainability report; dedicated ESG website updates; submission of GRESB response and receipt of rating results; submission of CDP Climate Change Program response and receipt of rating results; submission of S&P Global Corporate Sustainability Assessment (CSA) response and receipt of assessment results, and selection as Sustainability Yearbook Member; submission of PRI Annual Report and receipt of assessment; application to ESG Finance Awards Japan by Japan's Ministry of the Environment and selection as an Environmentally Sustainable Company; recognition as a 2026 Outstanding Organization of KENKO Investment for Health (SME Category); sustainability training (workshop) survey results; and report on interview with GRESB

Asset Manager Board of Directors and DHR Board of Directors

(Resolutions)

Conclusion of Green Loans agreements; sustainability index-linked fees

(Monthly Reports)

Management of sustainability-related budget and performance, climate change-related issues, external evaluation-related matters, environmental certifications for portfolio properties, participation status in initiatives, and sustainability-related contracts

(Individual Reports)

Annual sustainability-related work schedule; issue of the sustainability report; dedicated ESG website updates; GRESB 2025; CDP 2025; S&P CSA Rating; PRI Annual Report; ESG Finance Awards Japan; 2026 Outstanding Organizations of KENKO Investment for Health; status of environmental performance; status of green lease agreements; outside expert-led sustainability training (workshop); engagement in workers' rights; questions from investors regarding ESG-related initiatives in investor relations

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.

- Step 1: Extracting sustainability issues
- Step 2: Setting priority rankings
- Step 3: Confirming validity
- Step 4: Discussions and approval by management
- Step 5: Setting and monitoring KPIs, targets, and indicators

Materiality Identification Process

Performance on Materiality

	Priority issues	Management items (KPIs)	Subjects	Targets	Reasons for selecting management items (KPIs)	FY2025 achievement status	FY2025 results	Strategies to achieve targets	Related SDGs	Pages
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)	Selected this item with the intention of reducing GHG emissions, which have been a major factor behind climate change and believed to be the cause of the increase in climate disasters in recent years occurring around the world and across Japan.	Achieved	i) Reduction by 97.3%	• Promotion of conversion to LED lighting • Update to power-saving air conditioning equipment and review of air conditioning capacity • Installation of motion sensors • Promotion of ZEB • Installation of solar power generation equipment • Utilization of internal carbon pricing • Introduction of options for energy derived from renewable energy • Purchase of non-fossil certificates • Implementation of energy-saving diagnostics	11, 13	P.16
				ii) Achieve net zero total GHG emissions (value chain) by FY2050 * SBT (August 2022)		–	ii) –			
	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.	Not achieved	2 properties	• Do not use any species from the lists of Designated Invasive Alien Species, Unevaluated Alien Species, or Invasive Alien Species for the Prevention of Ecosystem Damage • Use native species • Implement environmentally friendly maintenance (do not perform heavy pruning, use chemical agents only within the minimum necessary range)	11, 13, 14, 15	P.21
	Promoting obtainment of environmental certifications	Green building certifications	DHR	An environmental certification obtainment 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.	Not achieved	73.7%	• Promotion of energy-saving through initiatives such as conversion to LED lighting, adoption of power-saving air conditioning equipment and water conservation equipment, and installation of solar power generation systems	7, 11, 13	
	Efficient use of water resources	Water consumption	DHR	Reduce consumption rate to the consumption intensity of FY2017 (base year) (0.8205 m^3/m^2) or less (10-year period from 2018 to 2027)	Selected because the water supply is expected to become unstable due to climate change, and it is becoming more important to conserve aquatic environments around the world.	Achieved	0.5965 m^3/m^2	• Adoption of water conservation equipment • Effective use of rainwater, groundwater and greywater	6, 11, 13	P.23
	Reducing waste and increasing recycling rates at portfolio properties	Waste recycling rate	DHR	Improve recycling rate to the rate of FY2017 (base year) (54.2%) 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.	Achieved	63.7%	• Displaying posters to promote recycling • Promoting recycling through sorting	11, 13	

Materiality

	Priority issues	Management items (KPIs)	Subjects	Targets	Reasons for selecting management items (KPIs)	FY2025 achievement status	FY2025 results	Strategies to achieve targets	Related SDGs	Pages
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.	Not achieved	-22	• 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 based on the "eNPS" score from the "Employee Satisfaction Survey."	8, 17	P.30
		Turnover	Asset Manager	Improve the percentage to 0% (FY2030)		Not achieved	3.8%		8, 17	
		Average tenure of employees	Asset Manager	Improve the average tenure to 10 years or more (FY2030)		Not achieved	7.3 years		8, 17	
	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) 36.3 hours/person/year ii) ¥100,695/person/year	-	4, 8	P.28
	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.	Not achieved	50.0%	• We are supporting male officers and employees who take childcare leave by providing childcare leave benefits (100,000–300,000 yen) corresponding to the number of days of childcare leave taken	5, 8	P.29
		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.	Not achieved	70.8%	• 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	3, 8, 17	
		Monthly average overtime hours	Asset Manager	No quantitative targets (confirmation item)		-	17.2 hours	• 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	3, 8, 17	
	Promotion of diversity	Ratio of female officers	DHR	30% or more (to be maintained)	Given the challenges presented by the diminishing workforce resulting from the declining birthrate and aging population, we selected this item because we believe it is essential to expand opportunities for women to play an active role and increase the working population to raise corporate productivity.	Achieved	66.7%	-	5, 8	P.36
		Ratio of female managers	Asset Manager	i) Percentage of female managers (senior manager and above) to 39% or more (FY2030)		Not achieved	i) 23.1%	• 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 timing of their return	5, 8	P.29
				ii) Percentage of female line managers (group leader and above) to 20% or more (FY2030)		Achieved	ii) 22.2%			
	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 well-being, and because we believe it contributes to realizing a society where human rights are respected through business activities.	-	0	• Implementation of human rights training and harassment training • Notification of the reporting hotline	10	P.25
	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.	Not achieved	99.8%	• In addition to negotiations through the property management company representative with tenants, improve contract conclusion rates by conducting negotiations through the Asset Manager's AM representative and the sponsor's property representative • Promote engagement by creating a dialogue platform involving the property management company representative, the Asset Manager's asset management representative, and the sponsor's property development representative	11, 13, 17	P.27
	Improvement in the health, comfort, and convenience of tenants	Tenant satisfaction surveys	DHR	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.	-	Conducted a tenant satisfaction survey with an 11-point scale for tenants of 120 residential properties (8,715 units) (February 2025) • Satisfaction with the property: 72.2% rated "7" or higher • Would recommend to others: 62.7% rated "7" or higher	-	8, 17	
	Stakeholder engagement and timely and appropriate information disclosure	Number of completed IR activities (including 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.	-	202	-	16	P.32

Materiality

	Priority issues	Management items (KPIs)	Subjects	Targets	Reasons for selecting management items (KPIs)	FY2025 achievement status	FY2025 results	Strategies to achieve targets	Related SDGs	Pages
Governance	Establishment 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.	–	4 (Note 1)	–		P.44
		Number of risk assessments conducted	Asset Manager	No quantitative targets (confirmation item)	Conducted risk assessments and set the number of times as a confirmation item 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 materialization of these risks.	–	3	–		P.38 P.39
		Number of internal audits conducted	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 conducted as a confirmation item.	–	6 (Note 2)	–		
		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 established and are functioning effectively and appropriately, and set the number of external inspections of internal control systems as a confirmation item.	–	1	–		
		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	–		
		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	–		P.40
	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.	–	4/5 points	–		

(Note 1) In addition, compliance training is conducted separately for new employees.
(Note 2) Internal audits are conducted once a year for all departments (excluding the Internal Audit Department).

Highlights

GRESB Real Estate Assessment

In the 2025 GRESB Real Estate Assessment, DHR received a GRESB "4 Stars" on a 5-star scale evaluation of the overall score relative to global participants. In addition, DHR received the "Green Star" assessment for the eighth consecutive year, which recognized us as an outstanding participant in both the Management and Performance Components.

CDP Climate Change Program Score

DHR was recognized as a climate change A List company for the fifth consecutive year under the 2025 CDP assessment, receiving the highest score of "A" for our high standards internationally in addressing issues of climate change and disclosing information in that regard. CDP Score is provided across four levels and eight-tier score bands: Leadership level (A and A-), Management level (B and B-), Awareness level (C and C-) and Disclosure level (D and D-).

Named on the CDP Supplier Engagement Assessment Leaderboard

CDP evaluates how corporate respondents are encouraging sustainability throughout their value chain in the Supplier Engagement Assessment. CDP analyzes data from all companies that disclose through CDP on climate change, relating to targets, supplier engagement, scope 3 emissions including verification, risk management processes, and governance and business strategy. In the 2025 CDP Supplier Engagement, DHR earned "A" rating and made it onto the Leaderboard for the sixth consecutive year as one of the highest-rated companies.

Selected as an "Environmentally Sustainable Company" in the Ministry of the Environment's ESG Finance Awards Japan

In the Seventh ESG Finance Awards Japan sponsored by the Ministry of Environment of Japan, DHR was awarded as an "Environmentally Sustainable Company" for the fourth consecutive year as a company meeting certain standards for the disclosure of key environmental issues, including "risks, opportunities, and strategies," "KPIs," and "governance."

Selected for inclusion in S&P Global "Dow Jones Best-in-Class Asia Pacific Index"

The "Dow Jones Best-in-Class Indices" (formerly, the Dow Jones Sustainability Indices) are sustainability indices provided by S&P Dow Jones Indices LLC, which are recognized as the leading benchmark for global investors. DHR was selected for inclusion in the Dow Jones Best-in-Class Asia Pacific Index, which was designed for the Asia-Pacific region, for the third consecutive year.

Selected as S&P Global "Sustainability Yearbook Member"

In the 2025 CSA conducted by S&P Global, DHR received particularly high assessments in the criteria topics of "Climate Strategy" in the Environmental dimension, "Customer Relations" in the Social dimension, and "Materiality" in Governance & Economic dimension. As a result, we were selected for the second consecutive year as a "Sustainability Yearbook Member," ranking among the top 15% of companies in the Equity Real Estate Investment Trusts (REITs) industry.

Principles for Responsible Investment (PRI) Annual Report

The Asset Manager endorses the core principles of the Principles for Responsible Investment (PRI) and is recognized as a signatory. The investors who are signatories to the PRI declare to include ESG issues into investment decisions, and as responsible investors, they aim to create an abundant world for all stakeholders.

Signatory of:

- PRI Annual Report 2025

Policy, Governance, Strategy	★★★★★
Real Estate	★★★★★
Confidence-Building Measures	★★★★☆

Recognized as "2026 Outstanding Organization of KENKO Investment for Health (SME Category)" and "Bright 500"

For the fourth consecutive year, the Asset Manager was certified as "2026 Outstanding Organization of KENKO Investment for Health (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 fourth consecutive year, the Asset Manager was certified as one of the "Bright 500," the top 500 corporations in the Outstanding Organizations of KENKO Investment for Health (SME Category).

Obtained Universal Manners Certification

As part of its human rights training program, the Asset Manager participated in the Universal Manners Certification training organized by the Japan Universal Manners Association. The goal of this training was to deepen understanding of diverse groups of people, including those with disabilities; to gain insight into the perspectives of others who are different from oneself; and to foster a sense of personal connection so that employees can act with consideration. All officers and employees* received Level 3 Universal Manners certificate.

* Officers and employees as of December 2025

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)	Human rights; Diversity and inclusion; Climate change; Biodiversity	(Asset Manager)
Science Based Targets	Climate change	(DHR)
Principles for Responsible Investment (PRI)	Overall ESG	(Asset Manager)
World Wide Fund for Nature (WWF) Japan	Climate change; Biodiversity	(Asset Manager)
Task Force on Climate-related Financial Disclosures (TCFD)	Climate change	(Asset Manager)
30 by 30 Alliance for Biodiversity	Biodiversity	(Asset Manager)
GX Future Consortium*	Climate change	(Asset Manager)
TNFD Forum	Biodiversity	(Asset Manager)
Japan Climate Initiative (JCI)	Climate change	(DHR/Asset Manager)
TNFD Adopter	Biodiversity	(DHR)
Race to Zero	Climate change	(DHR)

* Joined the former TCFD Consortium, which was reorganized in April 2026 with part of the GX League integrated into it.

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

(Note) "DHR" and "Asset Manager" represent Daiwa House REIT Investment Corporation and Daiwa House Asset Management Co., Ltd., respectively

Environment

Policy and Basic Approach

DHR's growth strategy calls for efforts to increase unitholder value by combining business (economic) value and social (non-financial) value.

DHR has put forward the following five strategies to enhance social value (non-financial value).

1. Improving ESG ratings from CDP, S&P, 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 promotion of human capital management and KENKO Investment for Health
5. Committing to ESG implementation by introducing sustainability index-linked fees

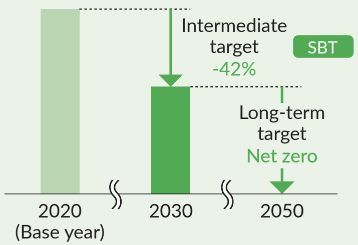
Information Disclosure Based on TCFD Recommendations

Policy and Basic Approach

DHR has set targets to achieve a 42% reduction in total Scope 1 and 2 GHG emissions by 2030 compared to the fiscal year ended March 2021, and net-zero total emissions across the entire value chain by 2050. In 2022, DHR received certification from the Science Based Targets initiative (SBTi) that these targets are aligned 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)



SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Information Disclosure Based on TCFD Recommendations

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

Information Disclosure Based on TCFD Recommendations

Scenario Analysis

We evaluate impact on business under several scenarios and conduct scenario analysis according to the steps shown below to assess strategic resilience to climate-related risks and opportunities.

- Step 1: Identify material climate-related risks and opportunities and set parameters
- Step 2: Set climate-related scenarios
- Step 3: Evaluate impact on business in each scenario
- Step 4: Evaluate strategic resilience to climate-related risks and opportunities and consider additional measures

Classification	1.5°C scenario	4°C scenario
Summary of scenario	The scenario that assumes policies and regulations to realize a carbon-free society are implemented and the global warming from preindustrial levels will stay below 2°C. While the transition risk is high, the physical risk is low compared to the 4°C scenario. 	The scenario that assumes announced goals such as national goals under the Paris Agreement will be achieved. No new policies or regulations will be introduced, and global energy-derived CO_2 emissions will continue to increase. While the transition risk is low, the physical risk is high. 
Main reference scenarios	• IEA Net Zero Emissions by 2050 Scenario (NZE) • IPCC RCP2.6	• IEA Current Policies Scenario (CPS) • IPCC RCP8.5

Timeline for scenario analysis	Assuming 2035 and 2050	Scope of assessment	Entire portfolio (excluding land properties)

Information Disclosure Based on TCFD Recommendations (Strategy)

We revised the scenario analysis in 2026 and assumed the years 2035 and 2050 and analyzed the impact of climate-related risks and opportunities on the business of Daiwa House REIT Investment Corporation.
We have formulated countermeasures in response to the scenario analysis and are increasing resilience.

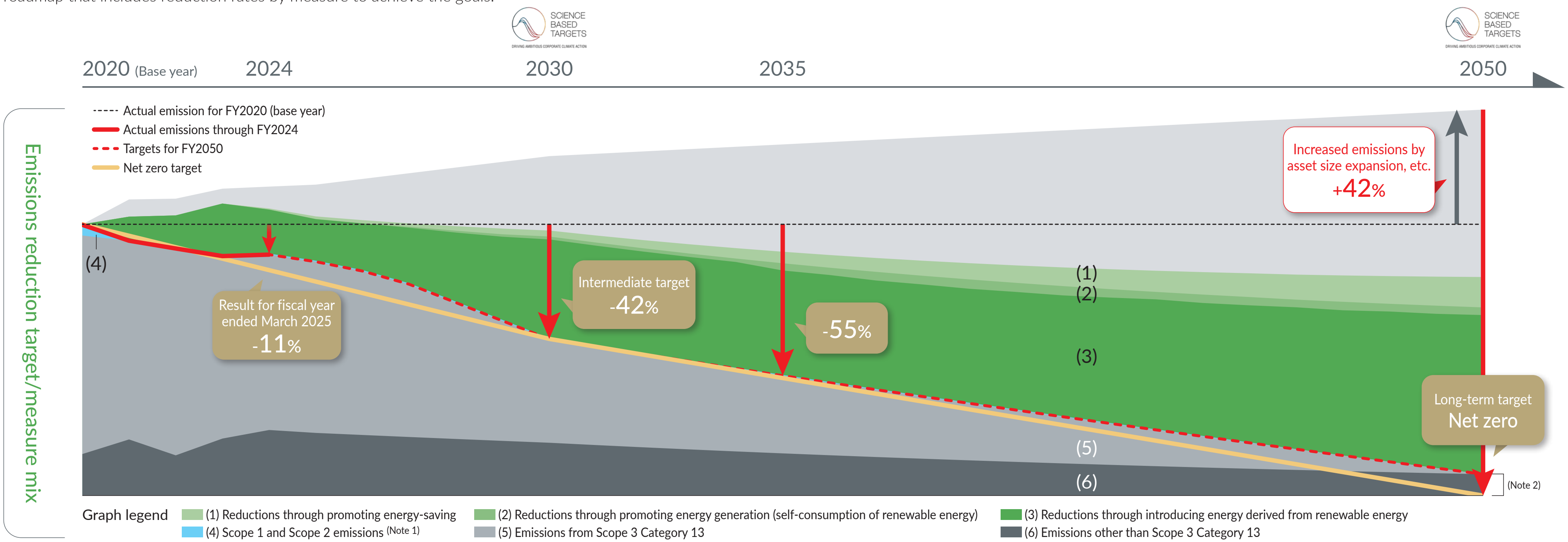
Risks/ Opportunities	Category	Major risks and opportunities	Financial impact on the business (millions of yen)*				DHR's countermeasures
			2035		2050		
			1.5°C	4°C	1.5°C	4°C	
Transition risk	Policy and regulation	Repair and renovation costs increase from the soaring costs of construction materials due to the introduction of a carbon tax	885	10	1,353	11	• Implement comprehensive and well-planned renovation works at existing properties • Acquire buildings (already environmentally certified with ZEB, etc.) with superior energy-saving performance • Consider selling properties anticipated to see increased repair and renovation costs due to low energy-saving performance or aging
		Indirect costs related to GHG emissions from business activities increase due to the introduction of a carbon tax	213	2	326	3	• Implement energy-saving assessment • Introduce energy-saving equipment • Introduce energy management system • Increase the proportion of solar power generation (self-consumption, PPA, etc.) • Switch to renewable energy-derived electricity options • Set energy consumption/GHG emissions reduction targets for portfolio properties • Promote GHG emissions reduction by operating internal carbon pricing
	Technology	Energy-saving renovation costs increase for ZEB and ZEH specifications	223	223	223	223	• Implement comprehensive and well-planned renovation works at existing properties (energy-saving renovations such as switch to LED and high-efficiency air-conditioning) • Consider optimization of facility specifications • Heat shielding and insulation renovation • Introduce energy management system • Self-consumption of solar power generation • Acquire ZEB and ZEH properties
	Market	Asset values decrease due to delays in ensuring resilience such as measures to address the risk of flooding due to climate change	1,859-10,517	3,719-21,035	1,859-10,517	3,719-21,035	• Reduce flood damage through the installation of water stop plates, waterproof doors and other measures based on hazard maps (flood depth) • Improve the waterproof performance of buildings by implementing waterproofing, exterior wall, and sealing work ahead of schedule • Take out insurance to cover damage from natural disasters • Acquire properties with low flooding risk and properties with high disaster prevention performance • Establish disaster prevention training, pre-confirmation of on-site operations, and an emergency contact system
	Reputation	Decrease in occupancy rate and rent income due to delays in climate change initiatives (disaster prevention measures, etc.)	1,741	3,482	1,741	3,482	
Physical risk	Acute	Decrease in rent income due to flooding and water leakages in buildings	24	47	24	47	
	Chronic	Increase in insurance premiums due to increase in natural disasters such as torrential rain, typhoons / floods, landslides and storm surges	39	78	92	185	
Opportunities	Energy source	Reduction in utility charges by utilizing renewable energy and optimizing electricity use	167	167	265	265	• Promote self-consumption of solar power generation (including PPA) • Switch FIT solar power contracts to self-consumption upon expiration • Consider the introduction of storage batteries • Promote energy-saving activities through collaboration with tenants (green leases)
	Market	Increase in occupancy rate and rent income through the management of buildings with high environmental performance	371	371	629	629	• Understand tenant needs through regular tenant satisfaction surveys • Update to environmentally friendly equipment and promote property renovation • Promote the obtainment of environmental certification • Obtain higher environmental certification ratings • Acquire environmentally certified properties
	Resilience	Reduction in natural disaster restoration and repair costs on buildings through the management of buildings with high disaster prevention performance	223	446	223	446	• Reduce flood damage through the installation of water stop plates, waterproof doors and other measures based on hazard maps (flood depth) • Improve the waterproof performance of buildings by implementing waterproofing, exterior wall, and sealing work ahead of schedule • Take out insurance to cover damage from natural disasters • Acquire properties with low flooding risk and properties with high disaster prevention performance • Establish disaster prevention training, confirmation of on-site operations, and an emergency contact system

* The figures shown are the annual amount of impact estimated by the Asset Manager based on the past results and other factors with reference to the parameters generally disclosed; therefore, accuracy of the figures is not guaranteed.

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.



Reduction rate by measure

	2030	2035	2050
Increased emissions by asset size expansion, etc.	+25%	+30%	+42%
Emissions reduction rate (vs Fiscal year ended March 2021)	-42%	-55%	-92%

(1) Reductions through promoting energy-saving: -2% (2030), -4% (2035), -11% (2050)
- Implementation of energy-saving assessments
- Introduction of energy-saving equipment (LED lighting, high-efficiency air conditioning)
- Consideration of how to optimize equipment specifications

(2) Reductions through promoting energy generation (self-consumption of renewable energy): -1% (2030), -3% (2035), -3% (2050)
- Promotion of self-consumption of solar power generation
- Switch to self-consumption when FIT solar power contract expires
- Consideration of the introduction of storage batteries

(3) Reduction through introducing renewable energy derived power, and encouraging tenants to do the same: -64% (2030), -78% (2035), -120% (2050)
- Switch to renewable energy power plans
- Utilization of non-fossil certificates, etc.
- Reduction in GHG emissions due to a decline in the emission coefficient

(Note 1) Scope 1: Reduction through curbing CFC emissions from air conditioning systems, etc. and switching from gas-powered to electric air conditioning systems
Scope 2: Reduction through switching to renewable energy power plans and utilizing non-fossil certificates, etc.
(Note 2) Consideration of reduction measures related to residual emissions in the future

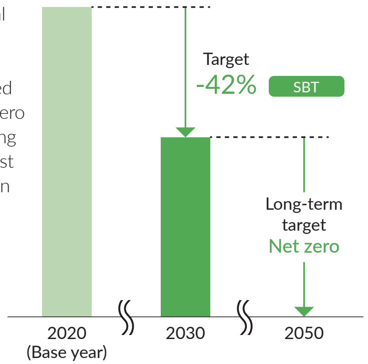
Relevant Data (Environment Data)
Information Disclosure Based on TCFD Recommendations (Metrics and Targets)
Status of Environmental Certifications

Information Disclosure Based on TCFD Recommendations (Metrics and Targets)

GHG Emissions Target

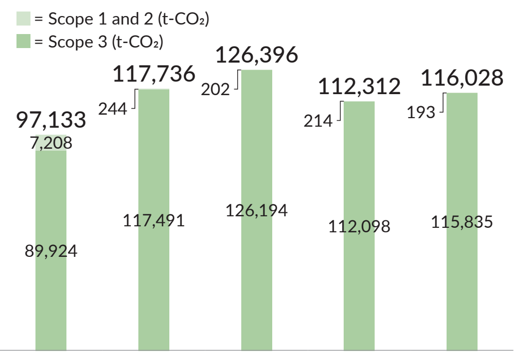
DHR set targets of reducing total GHG emissions by 42% in the fiscal year ending March 2031 compared to the fiscal year ended March 2021 and achieving net zero emissions by the fiscal year ending March 2051, and became the first J-REIT to obtain SBTi certification for its SBT 1.5°C targets.

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION



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

Item	Fiscal year ended March 2021	Fiscal year ended March 2023	Fiscal year ended March 2024	Fiscal year ended March 2025	Fiscal year ended March 2026
Number of properties	201	215	226	220	225



* Market-based

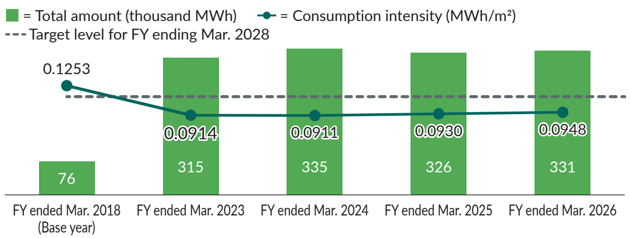
Internal Carbon Pricing

Internal carbon price is set at ¥20,000 / t-CO_2 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.

Energy-related Target

Target	Reduce consumption intensity by 10% compared to the fiscal year ended March 2018 (base year) no later than the fiscal year ending March 2028
Actual	Reduction rate of intensity -24.3% (Fiscal year ended March 2026)

Energy Consumption
(total consumption, intensity (MWh/m²))



Status of Conversion to LED Lighting

LED conversion rate 99.1%

- DHR is promoting conversion to LED lighting at its properties in an effort to reduce energy consumption.
- At residential properties, its policy is to convert all private areas to LED lighting when restoring them to their original condition.

	Number of portfolio properties (Note 1)	Number of properties with LED lighting (Note 2)	Percentage of properties with LED lighting
Logistics	64	64	100.0%
Residential	131	130	99.2%
Retail	15	14	93.3%
Hotel	8	8	100.0%
Other assets	6	6	100.0%
Total	224	222	99.1%

* The number of properties is as of March 31, 2026.
(Note 1) Excludes land properties.
(Note 2) 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).

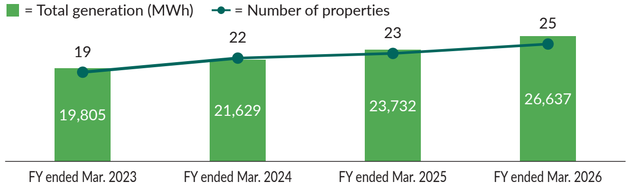
Solar Power Generation

Power generated 12.2% (vs Fiscal year ended March 2025)

- Solar panels have been installed on the rooftops, etc. of logistics and retail properties owned by DHR, and DHR utilizes the renewable energy they generate.
- In the fiscal year ended March 2026, solar power generation equipment was newly put into operation at 2 properties.

	Number of properties	Power generated in fiscal year ended March 2026
Solar power generation equipment installations	25 properties	26,637 MWh

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



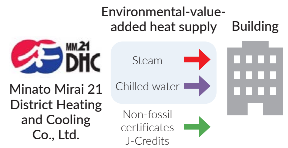
Purchase of Non-fossil Certificates

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 2026 procured 25.0 million kWh FIT non-fossil certificates through an intermediary (hereinafter referred to as the "Procurement"). Expected reduction effect of CO_2 emissions by the Procurement was approx. 11,602 tons (t-CO_2 equivalent), and all of the DHR's electricity-derived GHG emissions (Scope 2) for the fiscal year ended March 2026 were offset.

Introduction of Environmental-value-added Heating and Cooling Rate Plan (Renewable Energy Plan)

Pacific Royal Court Minatomirai Urban Tower

This property receives heat supply in the form of steam and chilled water for heating, cooling, and hot water supply. To promote decarbonization of this property, DHR entered into an Environmental-value-added Heating and Cooling Rate Plan agreement starting May 2025 to procure and supply heating and cooling with net-zero CO_2 emissions by using non-fossil certificates (renewable attributes) and J-Credits* for use of renewable heat sources. As a result, 100% of the GHG emissions (for the entire building: Scope 2 and Scope 3) associated with heat usage in the fiscal year ended March 2026 (402.4 t-CO_2) were offset.



* J-Credits are a system certified by the Japanese government that recognizes CO_2 reductions from renewable energy usage and installation of energy-saving equipment, and CO_2 absorption through proper forest management as credits.

Response to Climate Change for Portfolio Properties

Response by DHR

In response to the rising risk of flood damage due to climate change, DHR has taken the following measures to improve property resilience to such risks.

Confirmed and Considered Measures

(1) We checked the relevant area hazard maps for all portfolio properties.

(2) For properties at risk of flooding, we verified elevation, first-floor height, and local gradients to assess the risk.

(3) For properties where human risk and the impact on electrical and mechanical rooms, as well as underground parking, were considered significant, we evaluated the installation of sandbags and water stop plates for each property to prepare for potential damage.

Physical Risk (Risk of Flooding)

- We address the risk by implementing countermeasures and maintaining fire insurance to cover potential economic damage.

Flood depth	Number of properties	Acquisition price (millions of yen)	Ratio (based on acquisition price)
Over 20m	0	0	0.0%
10m to 20m	0	0	0.0%
5m to 10m	7	112,436	12.3%
3m to 5m	31	81,534	8.9%
0.5m to 3m	98	376,506	41.1%
0.5m or less	18	82,560	9.0%
0	77	262,397	28.7%
	231	915,433	100.0%

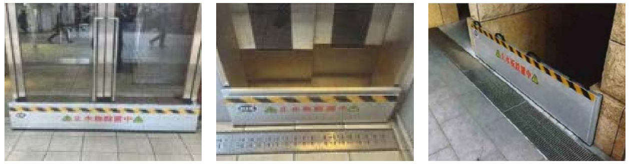
High
Risk of flooding
Low

(Note) Compiled by the Asset Manager in March 2026, based on the flood hazard map (estimated maximum scale) (Source: Ministry of Land, Infrastructure, Transport and Tourism).

Implemented Measures

- We installed sandbags, water stop plates, and backflow check valves to prevent sewage from flowing back into buildings at properties deemed to be significantly vulnerable to human risks and flood-related physical risks, and reviewed on-site operations during disasters.
- We conducted disaster prevention training, confirmation of communication systems during disasters, and re-confirmation of awareness regarding hazard maps, evacuation centers, etc.

We installed water stop plates at entrances, in front of elevators, at basement entryways, etc., to reduce the impact of water damage from torrential rains and large-scale typhoons.



Water stop plates

We implemented measures such as raising the entrance level, installing waterproof doors, adding overflow pipes to rainwater storage tanks, and increasing the number of drainage gutters.

Raised entrance level

Waterproof door

Expansion of drainage gutters

Installation of Digital Signage Usable as Communication Boards During Disasters

In residential properties, we are advancing the installation of digital signage that can display pre-evacuation calls to residents and contact information for property management companies.

Prevention of Inland Flooding

We are working to prevent flooding by promoting the infiltration of rainwater into the ground through measures such as permeable interlocking pavement, underground infiltration basins, and the installation of rain gardens.

Adoption of permeable interlocking pavement

Installation of rain gardens (left-side greenery)

Obtaining ABINC Certification

DHR continuously monitors disaster risks and enhances property resilience by addressing both physical measures (preventive measures that can be physically implemented) and soft measures (such as awareness of hazard maps and evacuation centers, and establishing communication systems).

Information Disclosure Based on TNFD Recommendations

Policy and Approach to Natural Capital

Our lives and economic activities 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.

KPIs and Various Initiatives

Properties with Biodiversity-related Certifications

5 or more properties by FY2030

Target 5 properties   Actual 2 properties

Joining the 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 Forum Member

Registration as a 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.

TNFD We are a TNFD Early Adopter

Participation in the 30by30 Alliance

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

30by30

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

Materiality Identification Process

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

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

(1) Short-term: 1 year or less
(2) Medium-term: 1 to 10 years
(3) Long-term: 10 to 30 years

Engagement

- The 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.

Stakeholder Engagement

Information Disclosure Based on TNFD Recommendations

- We disclose information in line with the four pillars: Governance, Strategy, Risk and Impact Management, and Metrics and Targets.

TNFD

- By following the LEAP (Locate, Evaluate, Assess, Prepare) approach, we have 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.

Implementation of LEAP Approach Analysis

(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.

Information Disclosure Based on TNFD Recommendations (Strategy - Methodology for Analyzing Nature-related Dependencies and Impacts)

Analyzing Nature-related Dependencies and Impacts

DHR created a heatmap of dependencies and impacts on nature and confirmed that, in its real estate management (direct operations), it has a high dependency on “surface water,” a very high impact on “terrestrial ecosystem use,” and a high impact on both “solid waste” and “GHG emissions.” This 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)
		(2) Ecological importance (Note 2)
		(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)
Overall evaluation (dependency)	Energy	Amount used (Note 4)
	Water	Water use and water stress are scored and evaluated
	Resources	Land area of the property is scored and evaluated (Note 6)

(Note 1) Evaluated using the WWF Risk Filter Suite, which assesses the state of ecosystems.
(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.
(Note 3) Evaluated using the WRI Aqueduct indicator, which assesses the amount of water resources.
(Note 4) Evaluated based on annual electricity consumption.
(Note 5) Evaluated based on annual water consumption.
(Note 6) Evaluated based on land area.

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
	GHG	Ecological integrity, importance, and GHG emissions are scored and evaluated

(Note 7) Evaluated based on annual amount of waste, assuming that the waste is disposed of in the vicinity.
(Note 8) Evaluated based on annual GHG emissions assuming Scope 1.

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)		
							Energy	Water	Resources	Energy	Water	Resources
				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

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

Information Disclosure Based on TNFD Recommendations (Strategy - Methodology for Analyzing Nature-related Dependencies and Impacts)

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

Step 1 Identify material nature-related risks and opportunities

- Identify nature-related risks and opportunities
- Assess nature-related risks and opportunities and identify material risks and opportunities
- Set parameters related to material risks and opportunities

Step 2 Set nature-related scenarios

- Identify relevant scenarios based on the information in Step 1 and other factors
- Set nature-related scenarios (social image)

Step 3 Evaluate impact on business in each scenario

- Assess the materiality for DHR and its stakeholders (rated on a scale from ★★★★★ (high) to ★ (low) depending on the level of materiality)
- Analyze the impact on business in each scenario based on each scenario set in Step 2 and the material nature-related risks and opportunities together with related parameters identified in Step 1

Step 4 Evaluate strategic resilience to nature-related risks and opportunities and consider additional measures

- Evaluate the resilience of DHR's strategies to nature-related risks and opportunities
- Consider additional measures

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 Scenario A	Business impact Scenario B	Countermeasures
Risk	Physical	Acute	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	Market	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
		Reputation	Declined investment unit prices and increased funding costs due to delays in biodiversity response	Medium	Medium	
Opportunities	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	
	Resilience		Enhanced resilience and reduction of future cost incurrence risks and business risks by enhanced response to biodiversity	Large	Large	• 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

Information Disclosure Based on TNFD Recommendations (Metrics and Targets)

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.

Risk and Impact Management

TNFD	TCFD	Category		Subject of management	Metrics	Target	Initiatives to achieve the target
✓		Risk Opportunities	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
✓	✓	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
✓	✓	Dependency		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
✓	✓	Impact		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

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

After obtaining initial certification in March 2023, we replaced the plantings in February 2025, and were therefore recertified in March 2026.

JHEP CERTIFIED A

Points highlighted in JHEP certification

- Space where people can experience lush greenery is created through the planting of native species in pedestrian areas and the introduction of wall greening
- The lush courtyard serves as a public open space and is used by residents and neighbors as a place of rest and relaxation
- The rich vegetation at this site, which is surrounded by commercial and office districts, contributes to the formation of an ecological network that connects urban green spaces

Audit report of JHEP certification: https://www.ecosys.or.jp/certification/jhep/case/case137report.pdf
Case study of JHEP certification: https://www.ecosys.or.jp/certification/jhep/case/case137.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/

After obtaining initial certification in February 2023, we obtained recertification in February 2026.

Points highlighted in ABINC certification

- High proportion of the area contributes to biodiversity
- The presence of high-tree, shrub, and herbaceous layers, along with trees over 10 meters tall, maintains a multi-layered green environment
- Monitoring surveys are being conducted appropriately, including the presence of key species such as bull-headed shrike, giant water strider, curly-leaf pondweed, and Eastern Japanese common toad
- The use of permeable interlocking pavers promotes the infiltration of rainwater into the ground and helps prevent flooding

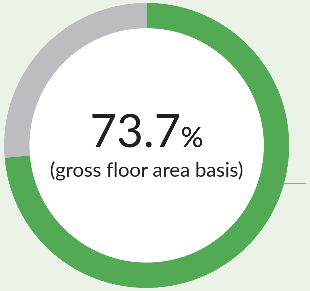
Environmental Certifications

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 acquire environmental certifications.
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

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



Target 75% (Fiscal year ending March 2031)

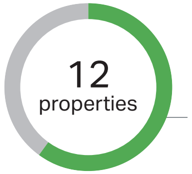
Actual 73.7% (As of March 31, 2026)

Status of Environmental Certifications

ZEB/ZEH Certification

ZEB/ZEH Certification

Net Zero Energy Building (ZEB) refers to a building that is aimed to achieve zero primary energy expenditures in annual building consumption by working to save energy with improved heat insulation and high-efficiency equipment while maintaining a comfortable indoor environment and by creating energy using solar power generation and other renewable energies. As part of the BELS Certification System, ZEB assessments indicate the progress toward these goals with four different ratings: "ZEB" (highest rating), Nearly ZEB, ZEB Ready, and ZEB Oriented. DHR has set the following targets to further implement ZEB initiatives going forward.



Target 20 properties (fiscal year ending March 2031)

Actual 12 properties (As of March 31, 2026)

Biodiversity-related Certifications

P.21

DHR property Royal Parks Toyosu was certified under the Japan Habitat Evaluation and Certification Program (hereinafter referred to as "JHEP"), and Royal Parks Hanakoganei received certification from the Association for Business Innovation in harmony with Nature and Community (hereinafter referred to as "ABINC" and "ABINC Certification").
DHR has set the following targets in consideration of the impact on business from rising biodiversity needs of customers.

Target 5 properties (fiscal year ending March 2031)

Actual 2 properties (As of March 31, 2026)

DBJ Green Building Certification

DBJ Green Building 2024

9 properties

MIMARU Tokyo Akasaka

CASBEE for Real Estate Certification

48 properties

GRANODE Hiroshima

BELS Certification

63 properties

D Project Kuki I

ZEB/ZEH Certification

12 properties

DPL Urayasu III

LEED Certification

2 properties

DPL Nagareyama III

JHEP Certification

1 property

Royal Parks Toyosu

ABINC Certification

1 property

Royal Parks Hanakoganei

Environmental Conservation

Water Consumption

Policy and Basic Approach

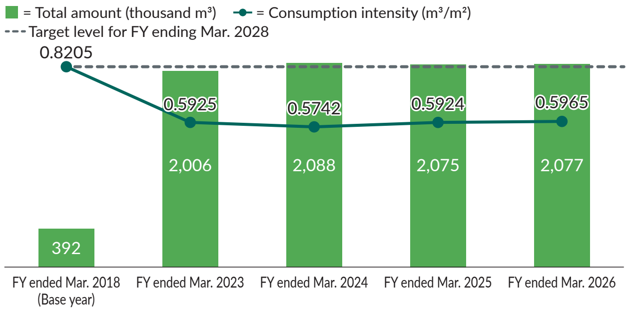
The water supply is expected to become unstable due to climate change; it is becoming more important to conserve aquatic environments around the world. As water risks are highly influenced by local factors, DHR evaluates water stress at its properties and uses hazard maps to assess the risk of water 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 Water consumption intensity 0.5965 m³/m² (Fiscal year ended March 2026)

Base year (Fiscal year ended March 2018) 0.8205 m³/m²

Water Consumption (total consumption, intensity (m³/m²))



Relevant Data (Water Consumption)

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."

Resource Recycling (Waste Management)

Policy and Basic Approach

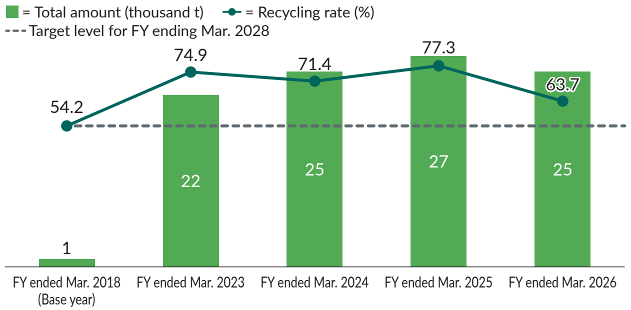
The increasing world population and other factors are triggering a substantial rise in consumption of global natural resources; resource depletion and the negative impacts of waste on the environment are becoming more severe. The "2030 Agenda for Sustainable Development" adopted at the United Nations 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.

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 Recycling rate 63.7% (Fiscal year ended March 2026)

Base year (Fiscal year ended March 2018) 54.2%

Waste Management (total amount, recycling rate)



Relevant Data (Waste Management (recycling rate))

Pollution Prevention

KPIs and Main Initiatives

Target Prevent occurrence of any environmental risk incidents (e.g., violations of environmental laws and regulations) to zero.

Actual 0 (Fiscal year ended March 2026)

Pollution Prevention

Before acquiring any property, DHR shall conduct detailed environmental due diligence on the matters listed below. During the due diligence process, DHR makes comprehensive investment decisions by enlisting a third party with sufficient skill and experience in due diligence to conduct an assessment, weighing its impact on DHR's overall portfolio, and studying its contribution to expected increase in value and other relevant considerations.

a. Soil and ground conditions, buried objects, soil contamination, etc.
b. 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.

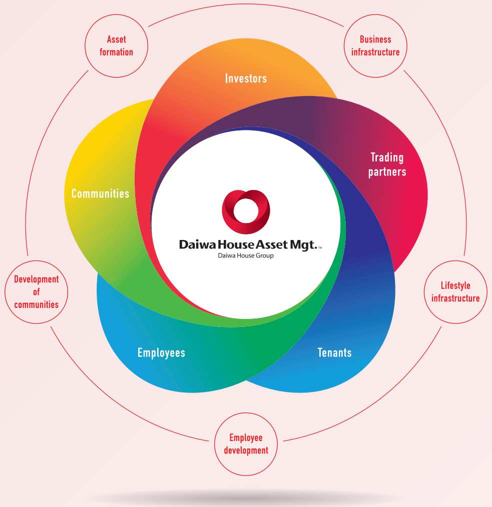
Compliance with Environmental Laws and Regulations

Based on reports from property management companies and building management 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. (Fiscal year ended March 2026)

Social

Our Vision

To strengthen employee engagement and realize the Daiwa House Group's hopes for the future (purpose), the Asset Manager created its Corporate Vision in January 2025. Through our business activities, we will promote ESG and grow as professionals in real estate investment management, aiming to be a company that constantly earns the trust of everyone.



Asset Manager's Vision

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 the 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.

Human Rights Policy of Daiwa House Group

KPIs and Main Initiatives

	Fiscal year ended March 2023	Fiscal year ended March 2024	Fiscal year ended March 2025	Fiscal year ended March 2026
Number of reports about labor-related issues, discrimination, harassment, etc.	0	1	0	0

	Fiscal year ended March 2023	Fiscal year ended March 2024	Fiscal year ended March 2025	Fiscal year ended March 2026
Number of cases in which the Asset Manager received reports and took corrective action	0	1	0	0

Relevant Training (Fiscal year ended March 2026)

	Times held	Total hours/person
Training on human rights and diversity	1	1.5
Training on bullying and harassment	1	0.5

Human Rights Due Diligence Process

The Asset Manager assesses risks related to respect for human rights of 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 conduct 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.

Approach to the Promotion of Respect for Human Rights

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 our employees and striven to maintain the health of our 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 that are above the minimum wage set by laws and regulations and allow for a higher 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. Compensation is based on an evaluation-linked pay system by post classification, and appropriate assessments of performance are conducted by verifying the fairness and validity of the primary evaluation and final evaluation during the personnel appraisal process. Bonuses are paid twice a year in the summer and the winter, and the amount is determined according to work performance. In 2025, the average annual salary per employee at the Asset Manager was ¥11,397 thousand*1, and the ratio of female to male compensation was 74.7%*2.

*1 Average for full-time employees not including officers, fixed-term employees, or employees on external assignment (incoming).
*2 Calculation method: Average salary of female employees divided by average salary of male employees. Individuals who have been employed for less than 12 months, including midcareer hires, retirees, and those on maternity/childcare leave, are included, with adjustments made to account for the number of personnel based on their period of employment.

Obtained Universal Manners Certification

As part of its human rights training program, the Asset Manager participated in the Universal Manners certification training organized by the Japan Universal Manners Association. The goal of this training was to deepen understanding of diverse groups of people, including those with disabilities; to gain insight into the perspectives of others who are different from oneself; and to foster a sense of personal connection so that employees can act with consideration. All officers and employees* received Level 3 Universal Manners certificates. Officers and employees who participated in the training shared comments such as, "As someone who works in real estate, I realized I hadn't been considering the perspective of people with disabilities during emergencies," and "I want to apply what I've learned not only at work but also in my daily life."

Universal Manners Test

* Officers and employees as of December 2025

Labor-related Violations and Accidents

The Asset Manager had no significant labor-related violations or accidents that would influence stakeholders. (Fiscal year ended March 2026)

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

The Asset Manager has established a Community Co-creation Leave Program to support employees in participating in the following types of social contribution activities and related training, thereby promoting coexistence with the local community:
(1) Preservation of the natural environment (litter pickup activities, recycling campaigns)
(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 long-term care skills, sign language)
(6) Community outreach (neighborhood association events)
(7) Disaster relief activities

Castalia Meguro Kamurozaka

To effectively use the party room (about 65 m²), the Asset Manager consulted with Shinagawa Ward Council of Social Welfare and started providing it as a venue for 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. Additionally, the Asset Manager collects children's books and other items that are no longer needed in the homes of its officers and employees and donates them to the children's cafeteria, where they are put to good use.
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 "emergency communal 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.

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 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 (such as linear precipitation zone, typhoon, or other heavy rainfall event) in the area of Ome City. 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 coordinating with the local government, we aim to contribute to the local community.

DPL Misato, DPL Nagareyama I

DHR has entered into an "Agreement on Use as Temporary Evacuation Facility in Event of Disaster" with Misato City, Saitama and Nagareyama City, Chiba. The agreements allow the cities to use these properties as temporary evacuation facilities for nearby residents and others in the event of a large-scale disaster.

Conclusion of Cooling Shelter Agreement

iias Tsukuba

To provide residents and others with a place to seek refuge from the heat when a special heatstroke alert is issued, the master lease company for this property (Daiwa House Industry) and Tsukuba City executed an "Agreement Regarding Designated Heat Relief Facilities."

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 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 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 provides an emergency power generator that can supply 72 hours of power for disaster prevention as well as space for multiple emergency power generators for tenants.

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

Introduction of a Foldable, Paper-Based Private Toilet for Use During Disasters

DPL Misato, DPL Fukuoka Kasuya, DPL Nagareyama I

We have introduced a stockpile-type, foldable private toilet designed for use during disasters. The toilet unit does not require water or sewage infrastructure and can accommodate use by 50 people for one week. By utilizing a bio-agent to reduce odors, it helps alleviate stress during disaster situations.

Donation of Emergency Supplies

DPL Nagareyama I

For the donation of emergency supplies for this property, we signed an agreement with the National Association for Promotion of Food Bank to reduce waste and promote effective utilization, and donated supplies worth 4,500 servings. The donated supplies will be used to support individuals facing financial hardship and welfare facilities in need of food.

- Curry pilaf
- Seaweed rice
- Corn pilaf

} 1,500 servings each

We plan to continue implementing this initiative as an ongoing endeavor.

Initiatives for Tenants and Supply Chain

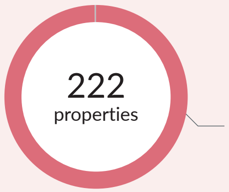
Policy and Basic Approach

DHR and the Asset Manager believe that the improvement of the workplace environment leading to tenant health and well-being 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 tenants' 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 well-being, and by putting the details of these undertakings into practice.

Percentage of Green Lease Agreements Signed



Target 100% (FY2030)

Actual 99.8% (As of March 31, 2026)

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 our 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

Sustainability Policy

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.

Eco Mark-certified Facilities

The Daiwa Roynet Hotels (Yokohama Kannai, Nagoya Shinkansenguchi, Nishi-Shinjuku, Naha-Omoromachi, Hiroshima-Ekimae, and Mito) and commercial facilities (ACROSSMALL Shinkamagaya and FOLEO Otsu Ichiriyama) operated by the Daiwa House Group and owned by DHR have all been certified with the Eco Mark, as designated by the Japan Environment Association.

Eco Mark Certification Services

Supply Chain Management

The Daiwa House Group conducts business with the belief that its suppliers are important business partners. The Daiwa House Group believes that we can provide quality that satisfies our customers by forming an extensive supply chain including 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.

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

Supply Chain Sustainability Guidelines

The Daiwa House Group has 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 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.

Supply Chain Sustainability Guidelines

Supplier-related Violations and Accidents

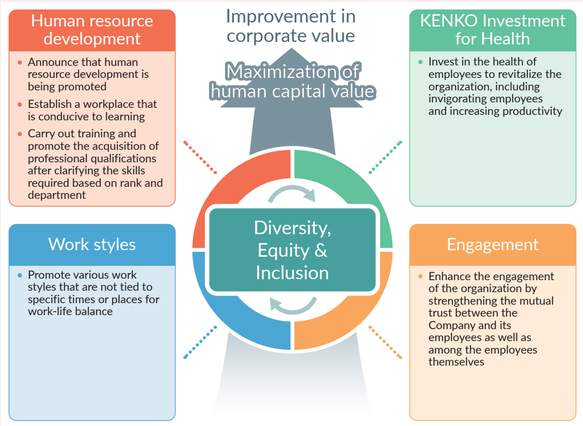
There were neither significant supplier-related violations nor accidents at DHR's properties that would affect stakeholders. (Fiscal year ended March 2026)

Human Resource Development

Policy and Basic Approach

The Daiwa House Group Company Philosophy (Corporate Creed) states that "a company's progress depends directly on ensuring a good working environment for its employees." We believe that ensuring safe, healthy workplaces for our employees is essential for creating environments that encourage the growth of each employee and leverage their capabilities. Given the shortage of workers due to the declining birthrate and aging population, people leaving the workplace to care for aging parents, and other problems, the human resources situation in Japan has become quite serious. The Asset Manager will continue to advance work-style reforms, introduce new systems responding to changing social conditions and its own situation, and transform internal organizations and management with the aim of achieving maximized work performance and a safe and healthy work environment both physically and mentally for all employees.

The 5 Pillars of Human Capital Initiatives



KPIs and Main Initiatives

Qualification	Target for fiscal year ending March 2031	Fiscal year ended March 2026
Real Estate Transaction Agent	100%	90.6%
ARES (Association for Real Estate Securitization) Certified Master	50%	43.5%
Environmental Specialist Certification (Eco Test)	100%	77.6%

Training Hours and Expenses for Officers and Employees

	Result for fiscal year ended March 2026
Per capita training hours for officers and employees	36.3 hours/person/year
Per capita training cost for officers and employees	¥100,695/person/year

Target Management and Performance Evaluation Program

The Asset Manager has implemented a "Target Management and Performance Evaluation Program" to be conducted every six months, with the following objectives:
(1) To foster communication between superiors and subordinates
(2) To strengthen human resource development
(3) To increase motivation with respect to roles and results (performance)
(4) To clarify evaluation criteria and gain better understanding of evaluations
Employee performance evaluations are determined by evaluation of performance benchmarked against individualized targets, evaluation of skills/conduct, a compliance evaluation, and ESG initiatives in response to societal demands, etc. The issues for improvement are shared through the performance review and follow-up interviews.
In addition, starting in the fiscal year ending March 2027, "obtaining the Environmental Specialist Certification (Eco Test)" has been established as a recommended requirement for promotion evaluations at the Asset Manager.

New Employee Training Program

The Asset Manager provides training to help new employees acquire operational knowledge as quickly as possible.

In-house Training Programs

In addition to face-to-face training by external instructors, the Asset Manager conducts face-to-face and e-learning training by officers and employees.
In terms of training content, we do not limit ourselves to training that "we want employees to receive," but also conduct proprietary training that "employees want to receive" by having officers and employees serve as instructors and prepare training materials and tests based on questionnaires conducted with employees who received the training.

Support for Operational Skills Development and Training

The Asset Manager has established a system for providing funding for the registration and renewal of professional qualifications and a system for providing congratulatory payments for acquiring professional qualifications to encourage the acquisition of knowledge, qualifications, and licenses. The purpose is to increase the motivation of all employees (including fixed-term employees, temporary employees, and part-time employees) with respect to self-development, improve their abilities and talents, continuously and steadily secure human resources with the specialized skills necessary to contribute to the achievement of business objectives, and assess the environmental friendliness of properties owned by DHR.

Support for Operational Skills Development and Training

Training on Operational Expertise

The Asset Manager enlists the help of outside experts to provide training to officers and employees (including fixed-term employees, temporary employees and part-time employees).

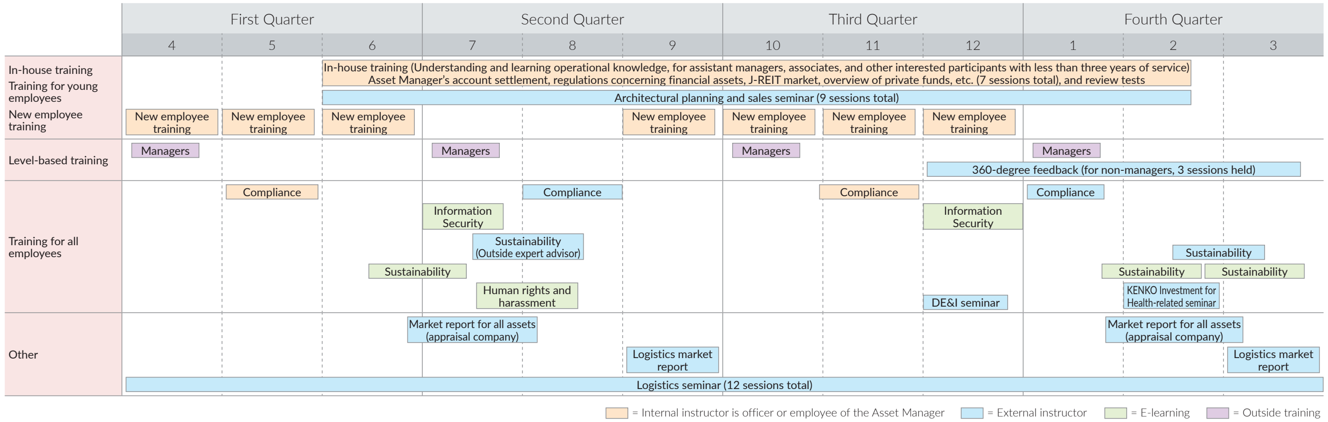
Training on Operational Expertise

Manager Training

The Asset Manager utilizes external training programs to strengthen essential management skills and leadership, which are crucial for managers. By mutually focusing on the development of subordinates and improving productivity, we are committed to developing human resources to support the sustainable growth of DHR.

Training System and Schedule

The Asset Manager conducts training for all officers and employees, as well as by title and post (including fixed-term employees, temporary employees, and part-time employees), to develop the problem-solving skills of each individual and to improve their knowledge of business operations, human rights, harassment, and information security. The training system and annual results for the fiscal year ended March 2026 were as follows.



Diversity, Equity & Inclusion and Work Styles

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 and to build an organization that enables flexible work styles so that a broader range of human resources can flourish in the future.

KPIs and Main Initiatives

Item	Target for fiscal year ending March 2031	Fiscal year ended March 2026
Diversity, equity & inclusion		
Percentage of female managers (senior manager and above)	39%	23.1%
Percentage of female line managers (group leader and above)	20%	22.2%
Work styles (work-life balance)		
Percentage of male employees taking childcare leave	100%	50.0%
Percentage of paid leave taken	85%	70.8%
Average overtime hours	–	17.2 hours

Introduction of Welfare Facility Program

As part of employee welfare benefits, the Asset Manager has entered into a welfare facility agreement with a hotel management company in the Daiwa House Group. All officers and employees and their families (up to the second degree of kinship) are eligible to use 77 Daiwa Roynet Hotels nationwide throughout the year, with the exception of certain blackout dates.

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* 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
Leave for child caregiving, etc.	Five days per year for child caregiving, vaccinations/health checkups, attendance at enrollment and graduation ceremonies (paid 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)

Flextime System

- Start and end times are set between 7:30 and 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)

Telecommuting System

The Asset Manager allows all officers and employees to work from home (telecommuting), regardless of whether they are engaged in childcare, caregiving, or other personal circumstances. There are no specific restrictions on the number of telecommuting days or frequency of use. Employees are expected to exercise responsibility in using telecommuting as needed, while maintaining communication within their departments, with the goal of maximizing individual performance.

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*1 • Fertility treatment • Secondary medical and gynecological checkups and examinations related to health checkups • Vaccination	15 days/year (paid leave)*2

*1 Periods or hours beyond the limit may be taken as unpaid leave.
*2 Granted in addition to annual paid leave.

Provision of Childbirth Benefits

Eligibility: Employees or their spouses (including same-sex partners)
Contents: A payment of 300,000 yen per newborn

Provision of Return-to-work Benefits

- Promoting the return of female employees to work after maternity leave

Eligibility: Female 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

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 who support the workplace in their absence 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

Employee Engagement

Policy and Basic Approach

The Asset Manager selected eNPS 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.
The Asset Manager will engage 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 provide score feedback.

KPIs and Main Initiatives

	Target for fiscal year ending March 2031	Fiscal year ended March 2026
eNPS* score	-8 or more	-22
Turnover	0%	3.8%
Average tenure of employees	10 years or more	7.3 years

* The Employee Net Promoter Score is an index for visualizing the loyalty of employees. This index evaluates eleven levels of employee loyalty through the survey question asking, "How likely are you to recommend your company to your relatives, friends, or other acquaintances who want to find or change jobs within the same industry as your company?"
The eNPS score classifies employees who gave a score of 9-10 as "Promoters," those who gave a score of 7-8 as "Passives," and those who gave a score of 0-6 as "Detractors." The eNPS score is calculated by subtracting the percentage of Detractors from the percentage of Promoters among all respondents. The more "Promoters" there are, the higher the score will be.

eNPS Surveys and Satisfaction Assessments

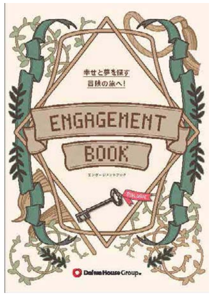
We believe that the growth of the Asset Manager's employees directly contributes to the growth of DHR. To enhance employee satisfaction, we continuously conduct eNPS surveys and satisfaction assessments through third-party organizations. These surveys target all officers and employees, including fixed-term employees, temporary employees, and part-time employees.
Our score for the fiscal year ended March 2026 was -22. We provide feedback on the survey results to all officers and employees and incorporate the findings into future improvements, working toward the creation of an even better workplace environment.
In addition, the compensation of the Asset Manager's Directors for FY2025 included performance-based compensation linked to the eNPS score with the aim of achieving sustainable growth in corporate value.

360-Degree Feedback

As part of its human capital management (human resource development) initiatives, the Asset Manager conducted 360-degree feedback for non-managers in FY2025 following the implementation of the program for managers in FY2024. We provided support designed to promote self-awareness and encourage behavioral change through feedback from multiple perspectives, including supervisors, colleagues, and subordinates.

Distribution and Utilization of Engagement Book

To realize the Daiwa House Group's hopes for the future (purpose), we distribute the "Engagement Book" to all officers and employees with the aim of improving the workplace environment and organizational culture. During morning meetings, we take turns reading the Engagement Book together and have each person share their thoughts on "actions." This serves as an opportunity for employees to reflect on their own words and actions, identify organizational challenges, and gain insights into how to create a workplace where people want to work.



Conducting Training (Workshop) Led by Outside Expert Advisors

The Asset Manager receives annual training from outside expert advisors serving on the Sustainability Committee. In the fiscal year ended March 2026, we held a workshop under the theme "Toward Sustainability Management: From Empathy to Action," for management and employees to learn about sustainability management.
Additionally, following the training, we served a sustainable lunch made with organic ingredients and fair-trade seasonings, served in plastic-free containers, to provide an opportunity for participants to reflect on the training and foster communication among employees.
Training participants shared comments such as, "It was helpful to think about things from a business perspective," "The group work that brought together people from different positions and departments was very meaningful," and "I was able to identify issues and improvement strategies that I hadn't noticed on my own."

Investment Unit Ownership Program for Employees

Ownership Ratio of Investment Unit Ownership Program of the Asset Manager and the Daiwa House Group: 0.4% (as of February 28, 2026)

We have introduced an investment unit ownership program for the officers and employees of the Asset Manager and Daiwa House, as well as the employees of Daiwa House Realty Mgt. and Daiwa Roynet Hotels, with the aim of providing them with an opportunity to invest in DHR units, fostering a greater focus on improving DHR business performance and sustainable growth, thereby enhancing unitholder value over the medium to long term.
We will continue to encourage participation in the investment unit ownership program within the Daiwa House Group as we move forward.

KENKO Investment for Health

Policy and Basic Approach

Under our Sustainability Policy, the Asset Manager 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)
- Take thorough measures to prevent infectious diseases

KPIs and Main Initiatives

The Asset Manager aims to fulfill its 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	Target for fiscal year ending March 2031	Fiscal year ended March 2026
Percentage of personnel who had regular health checkups	100%	100%
Percentage of personnel who received metabolic syndrome-specific health guidance	100%	100%
Percentage of personnel who had secondary examinations*	100%	33.3%
Percentage of personnel who had stress checks	100%	100%

*The percentage of personnel who had examinations combining regular checkup items and optional items

Promotion System for KENKO Investment for Health

The Sustainability Committee is chaired by the President and CEO and led by General Manager of Well-being Department, Administration and Accounting Division as the operating officer. The committee meets once a month and deliberates and resolves on policy, strategy development, and operations related to sustainability, which includes KENKO Investment for Health. 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 by working with health insurance associations and workplaces to promote secondary examinations, checking whether employees have received health guidance, and more.
Due to these efforts, the participation rate for regular health checkups was 100% and the participation rate for metabolic syndrome-specific health guidance was 100% for the fiscal year ended March 2026.

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, and the scores can be compared with the averages of the company and the group companies to give people an easy way to see what needs to be improved.

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 2026.

Implementation of Mindfulness Training

In the fiscal year ended March 2026, the Asset Manager conducted a mindfulness training session aimed at improving the performance of its officers and employees and helping them recover from fatigue. The session had participants immerse themselves in the rich overtones produced by instruments from the sound bath (such as singing bowls and crystal bowls) and guided them into a state of deep relaxation to promote physical and mental balance, emotional stability, and brain activation.

Brain Health Checkup Subsidy

As part of our commitment to KENKO Investment for Health and employee welfare benefits, since FY2024 the Asset Manager has been covering the cost of a brain health checkup, an examination that helps facilitate the early detection of brain abnormalities that could lead to serious illness, for officers and employees who wish to participate.

Flu Vaccination Subsidy

As part of our KENKO Investment for Health and employee welfare benefits, the Asset Manager provides a subsidy* to officers and employees who wish to receive flu vaccinations, with the aim of promoting their health.

* Subject to certain conditions.

Implementation of Smoking Cessation Clinic Program

As part of the Daiwa House Group's health and wellness project, we implemented a Smoking Cessation Clinic Program for participants seeking smoking cessation support. The program is fully subsidized (on a first-come, first-served basis) and fully online, enabling access anytime, anywhere.

Initiatives for KENKO Investment for Health

Investor Relations Initiatives

Policy and Basic Approach

DHR endeavors to ensure transparency in our 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 Management Association of 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 telephone/online meetings)

Fiscal year ended March 2026

Results briefings for domestic institutional investors, analysts, etc.	2 times
IR meetings for domestic institutional investors, analysts, etc.	149 times
IR meetings for international institutional investors, etc.	49 times
Presentation meetings for individual investors	2 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 initiatives 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

Disclosure Materials

General Meeting of Unitholders

DHR disclosed "Summary of Resolutions of the 15th General Meeting of Unitholders (Reference)" relating to the 15th General Meeting of Unitholders held in November 2025.

Summary of Resolutions

Governance

Policy and Basic Approach

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

The Asset Manager has established and implements Compliance Regulations and other regulations that set forth the roles of and other matters pertaining to the Board of Directors, the President and CEO, the Compliance Committee, the Compliance Officer, and the Compliance Department in order to ensure that operations are conducted in accordance with compliance requirements. In addition, various regulations are in place for systematic stipulation of the rules of conduct for officers and employees to ensure thorough compliance. In order to ensure the effectiveness of these internal regulations, the Asset Manager has established Rules for Internal Audits. The Internal Audit Department, which operates independently from other internal departments, conducts internal audits. These audits include verifying the establishment and maintenance of a structured process for compliance with laws, regulations, and internal rules, identifying issues, and implementing corrective actions.

Main KPIs and Results

Management items	Results (FY2025)
Number of internal audits conducted	6 times
Number of external inspections of internal management systems	1 time
Number of compliance training held	4 times

Compliance

Policy and Basic Approach

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

1. The Asset Manager is aware that trust is our greatest asset and committed to thorough compliance as a fundamental management principle by fully recognizing that compliance deficiencies can impair trust and, in turn, even undermine our management foundation.
2. Recognizing the importance of our 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.

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 Proper Transactions Act (Act on Preventing Delay in Payment to Small and Medium-Sized Entrusted Business Operators in Relation to Manufacturing Consignment). Neither DHR nor the Asset Manager makes any contributions or disbursements to political campaigns, political organizations, lobbyists, or lobbying groups.

	Fiscal year ended March 2023	Fiscal year ended March 2024	Fiscal year ended March 2025	Fiscal year ended March 2026
Total contributions to and expenditures on political campaigns, political organizations, lobbyists, lobbying groups, etc. (yen)	0	0	0	0

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 independent entity in the Asset Manager, without being influenced by other internal organizations' judgments.
Compliance Department	Engage in work related to compliance promotion, verification of risk management, and more under the supervision of the Compliance Officer
Internal Audit Department	Conduct practical duties related to internal audits as an independent body separate from other internal bodies

Establishment and Practical Implementation of Compliance Manual

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

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

Internal Audit Implementation Status

- Internal audits are conducted annually for all departments, and an external review by outside experts is also carried out each year.
- When formulating the annual audit plan and individual audit plans, we collect information such as findings from past internal and external reviews, risk assessment results from each department, and developments in external environmental factors, including regulatory guidance. Based on this information, we identify priority areas for focused verification. Additionally, decisions are made through the process of aligning risk awareness by exchanging information with the President and CEO and corporate auditors.
- Audit results are reported to the Corporate Auditors prior to Board of Directors meetings, and the Corporate Auditors may raise questions or provide comments on the findings during the board meetings.

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. (Fiscal year ended March 2026)

Corporate Governance

Management Structure

Compliance Committee	Members	Chair: Compliance Officer Members: Full-time Directors, officers and employees designated by the President with the approval of 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 with the approval of 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

Sustainability Committee

Outside Expert Member of Compliance Committee

An external expert with extensive experience and expertise in the Financial Instruments and Exchange Act is appointed as an outside expert member of the Asset Manager's Compliance Committee.

Name	Gender	Main concurrent positions	Attendance (FY2025)
Tatsuro Sasaki	Male personnel	Attorney (SASAKI LAW OFFICE) Contracted Attorney, The Japan Center for Settlement of Traffic Accident Disputes, Public Interest Incorporated Foundation Outside Director, ISEHAN HOLDINGS Co., Ltd. Member of the Dispute Resolution Committee, General Incorporated Association Insurance Ombudsman Outside Audit & Supervisory Board Member, TOKAIGIKEN CO., LTD. Outside Audit & Supervisory Board Member, Yoho Inc. Outside Audit & Supervisory Board Member, Global Parking Support Inc.	100% (12/12)

Outside Expert Member of Investment Management Committee

The Asset Manager has appointed an outside expert member with extensive insight and experience, with voting rights, to the Investment Management Committee.

Name	Gender	Main concurrent positions	Attendance (FY2025)
Norihito Haga	Male personnel	Representative Director, Tokyo Appraisal Co., Ltd. / Certified Real Estate Appraiser Representative Director, General Incorporated Association for Inheritance Knowledge Certification Director, Business Succession Test Association Principal, "Inheritance School – Tokyo Main Campus," a program for those aged 50 and over	100% (12/12)

Outside Expert Advisor of Sustainability Committee

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

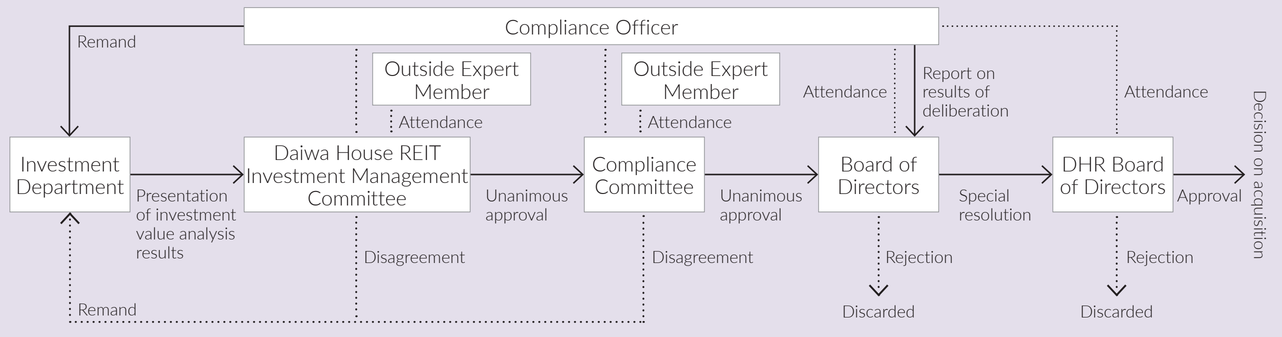
Name	Gender	Main concurrent positions	Attendance (FY2025)
Emi Matsukawa	Female personnel	Representative Director, General Incorporated Association Collective Action Outside Advisor, PRONEXUS Inc. Market Director, Japan, General Incorporated Association CDP Worldwide-Japan	100% (12/12)

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.

Flow of Decision-making with Respect to Acquiring Assets from Interested Parties

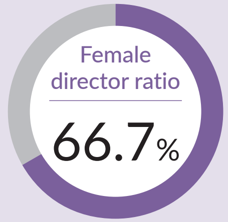


Corporate Governance

Status and Remuneration of DHR Directors

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.
Also, remuneration for the Executive Officers of DHR incorporates sustainability index-linked fees, with remuneration tied to factors such as the GHG emissions reduction ratio, GRESB Rating, and CDP Score.
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.

DHR Directors
(As of March 31, 2026)



Average tenure
2.3 years

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 39th & 40th periods	Director remuneration in the 39th & 40th periods
					Corporate Management	Real Estate	Legal & Compliance	Risk Management	Finance & Accounting	Sustainability	Information Security				
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% (13/13)	¥4,917 thousand (including ¥117 thousand in sustainability index-linked fees)
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% (13/13)	¥4,200 thousand
Supervisory Director		Tomoe Kitagawa	Female personnel	✓	✓		✓	✓		✓	✓	Tomoe Kitagawa is familiar with laws and regulations as an attorney-at-law. 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.	Attorney	100% (3/3)	¥1,050 thousand
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% (10/10)	¥3,150 thousand

(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) 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.
(Note 5) Former Supervisory Director Hiroshi Ishikawa retired on November 30, 2025, and on December 1, 2025, Tomoe Kitagawa was newly appointed as Supervisory Director.

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 our 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.

Asset Management Fee Structure

Management fee 1 (linked to assets)	Total assets × annual rate 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 × annual rate 0.008% (Note 2) × GHG emissions reduction ratio (2) Total assets × annual rate 0.002% (Note 3) × GRESB Rating (3) Total assets × annual rate 0.002% (Note 4) × CDP Score

(Note 1) The upper limit is an annual rate of 0.4% for Management fee 1 and 5.0% for Management fee 2.
(Note 2) The upper limit is an annual rate of 0.012% for the index (1) of Management fee 3.
(Note 3) The upper limit is an annual rate of 0.004% for the index (2) of Management fee 3.
(Note 4) The upper limit is an annual rate of 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/m²)
(b): GHG emissions intensity in the immediately preceding fiscal year (April - March) (t-CO_2/m²)

GRESB Rating	★	★★	★★★	★★★★	★★★★★
Multiple	0.8	0.9	1.0	1.1	1.2

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

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	
		39th period (Fiscal period ended August 31, 2025)	40th period (Fiscal period ended February 28, 2026)
Daiwa House Asset Management Co., Ltd.	Management fee 1 (linked to assets)	¥822,453 thousand	¥808,710 thousand
	Management fee 2 (linked to NOI)	¥1,027,361 thousand	¥990,590 thousand
	Management fee 3 (linked to sustainability indices)	¥70,748 thousand	¥70,519 thousand
	Acquisition/disposition fees	¥29,319 thousand	¥87,582 thousand
Total		¥1,949,883 thousand	¥1,957,403 thousand

Compensation of the Audit Firm

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

Name	Description of compensation	Amount of compensation	
		39th period (Fiscal period ended August 31, 2025)	40th period (Fiscal period ended February 28, 2026)
Ernst & Young ShinNihon LLC	Compensation based on auditing duties	¥18,500 thousand	¥18,500 thousand
	Compensation based on non-auditing duties	¥2,200 thousand	–
Total		¥20,700 thousand	¥18,500 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.

Compensation of Directors of the Asset Manager

For the compensation of directors at the Asset Manager, we have adopted performance-based compensation that incorporates multiple evaluation criteria in FY2025, including the DHR GRESB Rating, CDP Score, and whether any environmental law violations have occurred, as well as linked to the score from the eNPS surveys targeting the Asset Manager's officers and employees.

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 risks 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.

Role of Corporate Auditors

- Supervise the execution of duties by Directors and others concerning risk management

Role of President and CEO

- Report on the status of risk management to the Board of Directors on a regular basis or as needed.
- If deemed necessary, request reports from officers and employees on the status of risks and risk management, or instruct the Compliance Officer on how to improve risk management methods, etc.

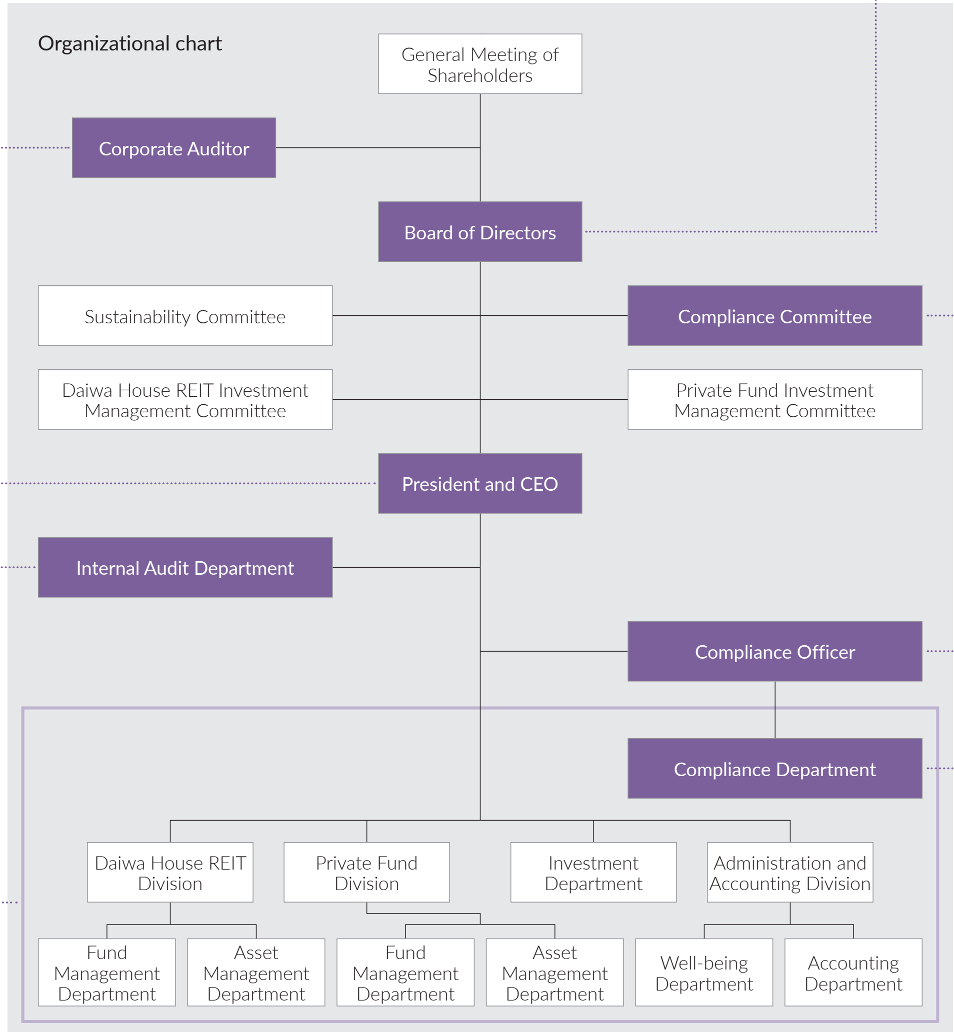
Internal Audit Department
(Newly established in October 2025)

For the purpose of enhancing corporate governance, the Three Lines were separated from the Compliance Department and established as a new dedicated organization

- Formulate the annual audit plan based on the risk assessment results for each fiscal year and conduct internal audits upon obtaining approval from the Board of Directors
- Make comprehensive evaluations of findings, including inherent risks (impact and likelihood) and root causes, and recommendations for improvement
- Follow up on the improvement plans of the departments being audited

Each department

- Identify the risk items every April
- The identified risks are managed by the "risk assessment sheet"
- As the person responsible for risk management in each department, the General Manager of each department monitors the risk status of the business under his or her jurisdiction at an appropriate frequency and reports the results to the Compliance Officer



Board of Directors

- Review risk management policies on a regular basis or as necessary in response to changes in strategic objectives, etc.
- If deemed necessary, give instructions to the Compliance Officer on how to improve risk management methods, etc.

Compliance Committee

- Discuss and approve the planning, formulation, promotion, and verification of the overall risk management of the Asset Manager
- Receive reports from the Compliance Officer as appropriate on the identification of risk items for each department and business, evaluation of risk items, status of proactive measures and controls for risks, control evaluation and residual risk evaluation, establishment of additional risk control measures, and verification of risk items and risk control measures.

Role of Compliance Officer

- As the person responsible for the risk management of the Asset Manager, the Compliance Officer establishes 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
- Report risk information, including the management status of the risk management system, to the President and CEO as well as the Board of Directors on a regular basis or as needed

Compliance Department

- Verify whether the identification of risk items in each department is being conducted appropriately
- Verify the appropriateness and effectiveness of the risk management system and the implementation of risk countermeasures, and report the results to the Compliance Officer

Risk Management

Policy and Basic Approach

The Asset Manager fully recognizes that neglecting risk management may impair financial soundness, damage the credibility of both DHR and the Asset Manager, and have a significant impact on management. Accordingly, we position risk management as a priority issue.
We conduct our operations in accordance with applicable laws, regulations, and internal rules, and implement a comprehensive and accurate approach to risk identification and awareness. This includes measuring the impact of risks on operations from both qualitative and quantitative perspectives, evaluating risks appropriately, preparing preventive measures, continuously monitoring risk management status, and establishing procedures to respond to risk events should they materialize. Furthermore, we implement appropriate measures such as staff allocation, training, and human resource development, to ensure sound and effective risk management practices.

Prevention of Corruption

Establishment of an Internal Whistleblowing Hotline (Protections for Whistleblowers)

In order to protect whistleblowers, the Asset Manager has established the rules on protections for whistleblowers. Both internal and external points of contact are in place. By establishing a system for consultation and appropriate handling of reports related to acts that are problematic in terms of compliance, including organizational or individual legal violations and ethically questionable acts, we work to quickly discover and rectify such legal violations, thereby strengthen our management framework with a strong emphasis on compliance.
We will never terminate or treat a whistleblower unfavorably (disciplinary actions, demotions, lower pay, etc.) because the whistleblower reported a problem. Meanwhile, if a whistleblower submits a false report that does not reflect the facts, or files a report seeking personal benefits or with the intent to slander or defame others, they may be subject to disciplinary action in accordance with the employment regulations.

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 verification results, 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 made in the previous process in the risk assessment sheet as appropriate and utilize them for risk management in the next fiscal year.

Each department evaluates risk items, taking into account the likelihood of risk occurrence and the degree of impact.
The risk evaluation criteria, established with consideration of the likelihood of occurrence and the degree of impact, are as shown in the following, with the degree of impact weighted slightly higher.

Level of impact (Low → High) \ Likelihood of occurrence (Low → High)	Low	Mid	High
High	(5)	(6)	(7)
Mid	(3)	(4)	(5)
Low	(1)	(2)	(3)

Risk Management (Information Security, Cyber Security)

Policy and Basic Approach

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.

Information Security Policy

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

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

General IT Management System

Management related to IT (information devices and systems, etc.) is handled by the Asset Manager's Well-being Department, Administration and Accounting Division, with the Head of Administration and Accounting Division 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

Governance on Information Security and Cyber Security

Risks related to information and cyber security are handled by the Well-being Department, Administration and Accounting Division, which assesses risks using the risk assessment sheet and reports on control measures and other matters to the Compliance Committee, of which the Head of Administration and Accounting Division is a member, as well as to the Board of Directors and the DHR Board of Directors.

Compliance with the Guidelines on Cybersecurity Established by the Financial Services Agency

Based on the need to comply with the Financial Services Agency's Guidelines on Cybersecurity for the Financial Sector, which were established in October 2024, the Asset Manager conducted a security assessment based on these guidelines with the full cooperation of Daiwa House Industry. The assessment covered a total of 176 items (126 fundamental response measures and 50 recommended measures). Following a gap analysis, each item was evaluated based on two criteria: "Extent of damage from incident" and "Likelihood of incident occurring." Based on the assessment results, we intend to successively implement the necessary measures going forward.

		Likelihood of incident occurring		
		High	Medium	Low
Extent of damage from incident	Large	High risk	High risk	Medium risk
	Medium	High risk	Medium risk	Low risk
	Small	Medium risk	Low risk	Low risk

Conducting Drills to Respond to Targeted Email Attacks

The Asset Manager draws attention to suspicious emails through information security training conducted annually. 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, then opens an attachment or clicks on an embedded link and logs in, they are shown educational content about targeted email attacks in an effort to verify and improve their awareness of information security.

Verification of the Status and Evaluation of IT Operation and Management by Outside Contractors

When the Asset Manager contracts its IT operation and management to an outside contractor, the person responsible for IT control checks the contractor's operational status on a quarterly basis. Additionally, IT managers evaluate outside contractors once a year, and report to the person responsible for IT control.

Internal Rules on Information Security

At the Asset Manager, the employment 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 provided by the company

Information Security-related Problems

The number of incident reports related to information security submitted to regulatory authorities by the Asset Manager.

FY2022	FY2023	FY2024	FY2025
0	1	1	0

There were no serious problems related to information security at the Asset Manager that would influence stakeholders. (Fiscal year ended March 2026)

Daiwa House Group "Declaration of Information Security (Basic Policy)"

Finance

Policy and Basic Approach

DHR seeks as its basic policy to plan and execute a well-planned and flexible financial strategy with the aim of ensuring a stable income on a medium- to long-term basis, contributing to the steady growth and efficient management of its properties and creating management stability.
DHR is working to maintain and expand its strong lender formation as well as diversify its capital-raising methods by issuing investment corporation bonds.
In financing, while primarily aiming to raise funds at long-term fixed interest rates and stagger repayment dates, DHR will flexibly consider the borrowing period each time and enhance the stability of its financial base by incorporating variable interest rate financing to control interest costs.

Sustainability 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 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."
DHR shares the basic stance of the Daiwa House Group and promotes ESG-conscious real estate investment management, including from a financing perspective.

DHR advances our sustainability initiatives through a variety of approaches.

Environment

Environment + Society

Linked to economic conditions

Green Finance

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.

Green Finance Eligibility Criteria

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 (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.

40th period (Fiscal period ended February 28, 2026)

Total amount of eligible green assets	¥428,420 million
LTV	43.5%
Eligible green debt amount	¥186,363 million

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.

Sustainability Finance Eligibility Criteria

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.

40th period (Fiscal period ended February 28, 2026)

Total amount of sustainability eligible assets	¥120,990 million
LTV	43.5%
Eligible sustainability debt amount	¥52,631 million

Sustainability-Linked Bonds

- A sustainability-linked bond is a bond whose terms vary depending on whether predefined sustainability targets are achieved
- This represents a novel approach that links the outcomes of sustainability efforts to the economic value of the bond, such as its interest rate

Overview

<table>
<tr><td>Name</td><td colspan="2">18th Unsecured Investment Corporation Bonds (Sustainability-Linked Bonds)
(also referred to as "DHR Sustainability-Linked Bonds")</td></tr>
<tr><td>Issue date</td><td colspan="2">May 25, 2022</td></tr>
<tr><td>Issue amount</td><td colspan="2">¥4 billion</td></tr>
<tr><td>Term</td><td colspan="2">7 years</td></tr>
<tr><td>SPT</td><td colspan="2">DHR to be named on "A List" (highest recognition) in CDP Climate Change Program</td></tr>
<tr><td rowspan="5">Interest rate</td><td colspan="2">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)</td></tr>
<tr><td>CDP Score</td><td>Interest rate</td></tr>
<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-</td><td>0.600% per annum (+2.5 bp from initial interest rate)</td></tr>
</table>

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

- 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

Relevant Data (Environment Data)

GHG Emissions of DHR

Unit: t-CO_2

	Fiscal year ended March 2023	Fiscal year ended March 2024	Fiscal year ended March 2025	Fiscal year ended March 2026
Scope 1	525	364	722	528
Scope 2 (Market-based)	48	12	0	0
Scope 3	145,313	165,621	157,899	163,931
Total GHG emissions	145,886	165,997	158,621	164,459

GHG Emissions by Scope 3 Category

Boundary: DHR, owned properties

Unit: t-CO_2

		Fiscal year ended March 2023	Fiscal year ended March 2024	Fiscal year ended March 2025	Fiscal year ended March 2026
Upstream	1. Purchased goods and services	8,609	13,232	17,942	17,547
	2. Capital goods	8,443	13,115	13,560	18,342
	3. Fuel- and energy-related activities not included in Scope 1 or Scope 2	1,095	1,137	1,611	1,628
	4. Upstream transportation and distribution	2	2	2	2
	5. Waste generated in operations	156	194	173	156
	6. Business travel	0	0	0	0
	7. Employee commuting	0	0	0	0
Downstream	13. Downstream leased assets	127,008	137,940	124,610	126,256
Total (Scope 3)		145,313	165,621	157,899	163,931

* The main reason for the increase in category 1 from the fiscal year ended March 2024 onward is that emissions from the outsourced management services of portfolio properties have been included in the calculation scope.

GHG Emissions of Portfolio Properties (Location-based/Market-based)

Unit: t-CO_2

		Fiscal year ended March 2018 (Base year)	Fiscal year ended March 2023	Fiscal year ended March 2024	Fiscal year ended March 2025	Fiscal year ended March 2026
Number of properties		143 properties	215 properties	226 properties	220 properties	225 properties
Scope 1		Not calculated	197	190	214	193
Scope 2	(Location-based)		6,559	6,891	6,435	6,593
	(Market-based)		48	12	0	0
Scope 3*			117,491	126,194	112,098	115,835
Scope 1 + Scope 2	(Location-based)		6,755	7,082	6,649	6,786
	(Market-based)		244	202	214	193
Scope 1+Scope 2 (Location-based) + Scope 3		34,336	124,246	133,276	118,747	122,621
Scope 1+Scope 2 (Market-based) + Scope 3		Not calculated	117,736	126,396	112,312	116,028
Scope 1+Scope 2 (location-based) + Scope 3 Emission intensity (t-CO_2/m²)		0.0556	0.0385	0.0363	0.0339	0.0351
Reduction rate of intensity		–	-30.8%	-34.7%	-39.0%	-36.9%

* Only from fuel/electricity consumption associated with tenant-managed assets

Energy Consumption

	Fiscal year ended March 2018 (Base year)	Fiscal year ended March 2023	Fiscal year ended March 2024	Fiscal year ended March 2025	Fiscal year ended March 2026
Number of properties	143 properties	215 properties	226 properties	220 properties	225 properties
Total amount (MWh)	76,440	315,383	334,845	326,057	331,182
Consumption intensity (MWh/m²)	0.1253	0.0914	0.0911	0.0930	0.0948
Reduction rate of intensity	–	-27.1%	-27.3%	-25.8%	-24.3%
Coverage*	28.4%	95.8%	99.5%	99.6%	99.9%

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

Water Consumption

	Fiscal year ended March 2018 (Base year)	Fiscal year ended March 2023	Fiscal year ended March 2024	Fiscal year ended March 2025	Fiscal year ended March 2026
Number of properties	142 properties	214 properties	226 properties	221 properties	225 properties
Total amount (m³)	391,637	2,006,203	2,087,596	2,074,620	2,076,629
Consumption intensity (m³/m²)	0.8205	0.5925	0.5742	0.5924	0.5965
Reduction rate of intensity	–	-27.8%	-30.0%	-27.8%	-27.3%
Coverage	22.2%	94.1%	98.5%	99.5%	99.6%

Waste Management (recycling rate)

	Fiscal year ended March 2018 (Base year)	Fiscal year ended March 2023	Fiscal year ended March 2024	Fiscal year ended March 2025	Fiscal year ended March 2026
Number of properties	6 properties	75 properties	87 properties	85 properties	84 properties
Total amount (t)	1,203	22,405	24,745	26,686	24,997
Recycling rate	54.2%	74.9%	71.4%	77.3%	63.7%
Coverage	6.9%	60.7%	73.2%	79.1%	78.1%

Environmental Performance

Third-party Verification Report

Status of Environmental Certifications for the Portfolio

Status of Environmental Certifications

Relevant Data (Personnel, Health and Governance Data)

Personnel Data

Item		Fiscal year ended March 2023	Fiscal year ended March 2024	Fiscal year ended March 2025	Fiscal year ended March 2026
Total personnel*1		70	69	74	79
	Male ratio	64.3%	63.8%	62.2%	60.8%
	Female ratio	35.7%	36.2%	37.8%	39.2%
Managers*1 *2		29	28	27	26
	Male ratio	79.3%	78.6%	74.1%	76.9%
	Female ratio	20.7%	21.4%	25.9%	23.1%
New hires		0	10	5	8
	Male ratio	–	50.0%	60.0%	50.0%
	Female ratio	–	50.0%	40.0%	50.0%
Job leavers		1	3	3	3
Average tenure		5.6 years	6.0 years	6.5 years	7.3 years
	Male personnel	5.5 years	6.1 years	6.9 years	7.8 years
	Female personnel	5.6 years	5.9 years	6.0 years	6.6 years
Number of employees who took childcare leave*3	Male personnel	75.0%	100%	75.0%	50.0%
	Female personnel	100%	100%	100%	100%
Return rate of employees to work after childcare leave	Male personnel	100%	100%	100%	100%
	Female personnel	0.0%	66.7%	100%	60.0%
M&As		0	0	0	0
Employee layoffs		0	0	0	0
Number of employees aged 60 and older		2	4	6	6
Number of employees who are foreign nationals		0	0	0	0
Number of employees belonging to ethnic minorities		0	0	0	0
Number of employees with disabilities		0	0	0	0
Average days of annual paid vacation taken / paid vacation usage rate		13.6 days / 72.4%	14.6 days / 74.9%	11.3 days / 66.1%	13.2 days / 70.8%
Number of employees who took elder caregiving leave		1	4	4	2
Number of employees who took caregiver leave		–	–	–	1
Number of employees who took wellness leave		–	Not calculated	Not calculated	29
Occupational accident frequency rate*4		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 The year a child is born and the year parental leave is taken do not necessarily coincide, which may result in a percentage exceeding 100%.
*4 Occupational accident frequency rate = (occupational injuries/fatalities ÷ total actual hours worked) × 1,000,000

Training on Operational Expertise

Item	Fiscal year ended March 2023	Fiscal year ended March 2024	Fiscal year ended March 2025	Fiscal year ended March 2026
Sustainability training	4	4	4	4
Training for general managers and above	1	2	2	2
Training for senior managers and group leaders	4	0	7	3
Middle-management employee training	6	0	1	0
OJT trainer training	7	2	0	0
Young employee training	2	2	2	0
New employee training	2	7	8	7
Real estate market training	4	6	4	4
Architectural training	9	3	18	9
In-house training	9	12	8	8

Number of the Asset Manager Employees with Qualifications

(Total of 85 officers and employees as of March 31, 2026)

Qualification	Number of people with qualifications*
Real Estate Transaction Agent	77
ARES (Association for Real Estate Securitization) Certified Master	37
Certified Real Estate Consulting Master	9
Office Building Manager	14
Real Estate Appraiser	1
First-Class Architect	2

Qualification	Number of people with qualifications*
CASBEE Accredited Professional for Buildings	1
CASBEE Accredited Professional for Real Estate	4
Certified Internal Auditor	2
TOEIC score of 700+	8
Environmental Specialist Certification (Eco Test)	66

* Includes those who have passed the credentialing exam but are not yet credentialed.

Health Data

Item	Fiscal year ended March 2023	Fiscal year ended March 2024	Fiscal year ended March 2025	Fiscal year ended March 2026
Percentage of personnel who had regular health checkups	100%	100%	100%	100%
Percentage of personnel who received metabolic syndrome-specific health guidance*1	100%	100%	100%	100%
Percentage of smokers	9%	14%	12%	10%
Percentage of personnel who exercise regularly*2	20%	33%	29%	34%
Percentage of personnel who drink alcohol responsibly*3	51%	48%	38%	34%
Percentage of personnel who get sufficient sleep	77%	81%	85%	78%
Percentage of personnel who had stress checks	100%	100%	100%	100%

*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 Measures of KENKO Investment for Health

Item	Result (Fiscal year ended March 2026)	Amount invested
Radio calisthenics	242 times	–
Distributing free passes to sports clubs	100 passes	¥330 thousand

Data Showing the Benefits of KENKO Investment for Health on Corporate Management

Item	Fiscal year ended March 2023	Fiscal year ended March 2024	Fiscal year ended March 2025	Fiscal year ended March 2026
Sales of Asset Manager	¥4,456 million	¥5,135 million	¥5,250 million	¥5,720 million
Turnover*	1.4%	4.3%	4.1%	3.8%
Monthly average overtime hours	16.5 hours	14.4 hours	16.7 hours	17.2 hours

* 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 KENKO Investment for Health 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 2023	Fiscal year ended March 2024	Fiscal year ended March 2025	Fiscal year ended March 2026
Percentage of personnel with remarks on their health checkups	54.4%	48.5%	52.6%	53.2%

The percentage of personnel with remarks on their health checkups was identified as data that would show improvement on health issues. The figure represents a 10.5 percentage point improvement on the figure for the fiscal year ended March 2020, when we began monitoring.

Prevention of Corruption

Item	Fiscal year ended March 2023	Fiscal year ended March 2024	Fiscal year ended March 2025	Fiscal year ended March 2026
Total political contributions (yen)	0	0	0	0
Number of incidents related to fraud or corruption	0	0	0	0
Number of dismissals or termination related to fraud or corruption	0	0	0	0
Costs of fines, penalties, and settlements related to fraud or corruption (yen)	0	0	0	0

Item	Fiscal year ended March 2023	Fiscal year ended March 2024	Fiscal year ended March 2025	Fiscal year ended March 2026
Compliance training	4 times	4 times	4 times	4 times

* In addition, compliance training is conducted separately for new employees.

Information Security

Item	Fiscal year ended March 2023	Fiscal year ended March 2024	Fiscal year ended March 2025	Fiscal year ended March 2026
Information security training	2 times	2 times	2 times	2 times

Daiwa House REIT Investment Corporation

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