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For Immediate Release

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Notice Concerning Acquisition and Leasing of Trust Beneficiary Interests in Domestic Real Estate

Daiwa House REIT Investment Corporation (“DHR”) hereby announces the decision made today by Daiwa House Asset Management Co., Ltd. (the “Asset Manager”), the asset manager to which DHR entrusts the management of its assets, for DHR to acquire and lease the following assets (the “Anticipated Acquisitions”) as described below.

The decision to acquire the Anticipated Acquisitions has been approved by the board of directors of DHR based on the Act on Investment Trust and Investment Corporations (Act No. 198 of 1951, as amended, the “Investment Trust Act”) and the Asset Manager’s voluntary rules concerning conflict of interest.

1. Acquisition and leasing overview

(1) Anticipated Acquisitions

Property number	Real estate in trust (Property name)	Asset class	Location	Anticipated date of acquisition	Anticipated acquisition price (million yen) (Note 1)	Appraisal value (million yen) (Note 2)	NOI yield (Note 3)	NOI yield after depreciation (Note 4)
LM-006	DPL Nagareyama III	Logistics	Nagareyama City, Chiba	October 1, 2021	32,000	32,100	4.5%	3.4%
LB-065	D Project Wako A (50% quasi co-ownership interest)	Logistics	Wako City, Saitama	September 3, 2021	10,750	11,200	4.0%	3.3%
LB-066	D Project Hiratsuka	Logistics	Hiratsuka City, Kanagawa	October 1, 2021	15,200	15,200	4.5%	3.4%
OT-006	GRANODE Hiroshima (additional acquisition of 50% quasi co-ownership interest) (Note 5)	Other	Hiroshima City, Hiroshima	September 3, 2021	14,400	15,350	4.8%	3.4%
Total/Average					72,350	73,850	4.5%	3.4%

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- (Note 1) Excluding such amounts as expenses related to acquisition, amounts equivalent to reimbursement of taxes and dues, etc., and amount equivalent to consumption taxes.
- (Note 2) Appraisal value as of June 30, 2021.
- (Note 3) “NOI yield” is represented by a figure calculated by dividing the stabilized net operating income, calculated by deducting operating expenses from operating income based on a direct capitalization method, as stated in the appraisal report (as of June 30, 2021) (the “Net Operating Income” in Note 4 below), by an anticipated acquisition price. Average is calculated by weighted average of NOI yield based on anticipated acquisition price.
- (Note 4) “NOI yield after depreciation” is calculated by dividing the figure, calculated by deducting depreciation estimated by the Asset Manager from the Net Operating Income in the appraisal report (as of June 30, 2021), by an anticipated acquisition price. Average is calculated by weighted average of NOI yield after depreciation based on anticipated acquisition price.
- (Note 5) As DHR acquired 50% of quasi co-ownership interest of trust beneficiary interest in this property as of April 3, 2020, the additional acquisition of the remaining 50% of quasi co-ownership interest of trust beneficiary interest will result in DHR’s 100% ownership of trust beneficiary interest in this property.

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|---|---|---|
| (2) Execution date of the purchase agreements | : | Please refer to below “7. Acquisition schedule” |
| (3) Planned date of acquisition | : | Please refer to above table (1) “Anticipated date of acquisition” |
| (4) Seller | : | Please refer to below “4. Seller profile” |
| (5) Acquisition funds | : | Proceeds from issuance of new investment units, debt financing and cash reserves (Note 1) |
| (6) Method of settlement | : | Payment of entire amount upon transfer |
| (7) Brokerage | : | None |
| (8) Sum total for annual rent (Note 2) | : | 3,815 million yen |
| (9) Sum total for tenant leasehold and security deposits (Note 3) | : | 1,854 million yen |

- (Note 1) Please refer to the press releases “Notice Concerning Issuance of New Investment Units and Secondary Offering of Investment Units” and “Notice Concerning Debt Financing” dated today.
- (Note 2) “Annual rent” means the amount calculated by multiplying the monthly rent of the building (excluding consumption taxes) as indicated in respective lease agreement or lease reservation agreement in relation to each property in trust as of May 31, 2021 by 12 on an annual basis (as to properties in trust for which multiple lease agreements or lease reservation agreements are entered into, the total amount indicated in such lease agreements or lease reservation agreements). If a pass-through type master lease agreement is or is scheduled to be entered into, the annual rent is the amount calculated by multiplying the monthly rent (excluding consumption taxes) as indicated in each sublease agreement in relation to each property in trust as of May 31, 2021 by 12 on an annual basis (as to properties in trust for which multiple sublease agreements are entered into, the total amount indicated in such sublease agreements). Regarding sales commission rent, it refers to the monthly sales commission rent linked to the sales of May 2021. In the cases of each quasi co-owned trust beneficiary interests, the annual rent of the entire real estate multiplied by the ratio of quasi co-ownership of the trust beneficiary interests in real estate to be held by DHR is provided. Under the “pass-through type master lease agreement” rent and other fees are collected directly from end tenants in principle and rents are received only when subleasing actually takes place. Meanwhile, under the “sublease type master lease agreement”, a certain guaranteed amount of rent is received regardless of any fluctuation in received rents. Furthermore, in the cases of quasi co-owned trust beneficiary interests, the annual rent of the entire real estate multiplied by the ratio of quasi co-ownership of the trust beneficiary interests in the relevant real estate to be held by DHR is provided.
- (Note 3) “Tenant leasehold and security deposits” means the amount calculated based on the leasehold and security deposits indicated in respective lease agreement or lease reservation agreement in relation to each property in trust as of May 31, 2021 (as to properties in trust for which multiple lease agreements or lease reservation agreements are entered into, the total amount indicated in such lease agreements or lease reservation agreements). If a pass-through type master lease agreement is or is scheduled to be entered into, leasehold and security deposits are those indicated in the sublease agreements of end-tenants as of May 31, 2021 (as to properties in trust for which multiple sublease agreements are entered into, the total amount indicated in such sublease agreements). Meanwhile, leasehold and security deposits that do not need to be returned to the tenant pursuant to the lease agreements or lease reservation agreements are excluded from this calculation. Furthermore, in the cases of each quasi co-owned trust beneficiary interests, the tenant leasehold and security deposits of the entire real estate multiplied by the ratio of quasi co-ownership of the trust beneficiary interests in the relevant real estate to be held by DHR is provided.

2. Rationale for acquisition and leasing

Based on the targets and policies prescribed in DHR’s Articles of Incorporation, the Asset Manager decided for DHR to acquire and lease the Anticipated Acquisitions having deemed that the acquisition would expand the asset size, further increase the stability of cash flow through increased portfolio diversification and secure stable revenues in the long term. All of the Anticipated Acquisitions will be through the pipeline of Daiwa House Group.

For the details of the Anticipated Acquisitions, please see “3. Details of the Anticipated Acquisitions”.

Furthermore, DHR believes that the tenants of the Anticipated Acquisitions are deemed to comply with the tenant selection standards stipulated in the “Report on Operating Systems, etc. of Issuers of Real Estate Investment Trust Securities, etc.” (in Japanese only) submitted on May 28, 2021 for DHR.

3. Details of the Anticipated Acquisitions

The following tables provide an overview of the trust beneficiary interests in real estate that are the Anticipated Acquisitions. Furthermore, unless otherwise stated, descriptions in each column in the “Property number”, “Asset class”, “Type”, “Anticipated date of acquisition”, “Anticipated acquisition price”, “Overview of specified asset”, “Overview of building condition evaluation”, “Soil contamination inspector”, “Designer, structural designer, contractor and inspection agency”, “Overview of leasing”, “Special items” and “Property characteristics” for each property indicated below are prepared in accordance with the following definitions, and are based on the information available as of May 31, 2021.

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- “Property number” is numbered to each property owned under each asset class. “L” means logistics properties, “RE” means residential properties, “R” means retail properties, “HO” means hotel properties and “OT” means other assets. “LB” means built-to-suit type logistics properties, “LM” means multi-tenant type logistics properties, “RR” means roadside type retail properties, “RM” means mall type retail properties and “RU” means urban type retail properties.
- “Asset class” shows the asset class categories under our portfolio composition, either a logistics property, residential property, retail property, hotel property or other asset. For other assets, specific use is indicated in brackets.
- “Type” shows the type of respective uses as follows for respective Anticipated Acquisitions in accordance with types of investment destination based on the DHR’s investment policy.

<Logistics properties>

Type	BTS (Build-to-suit) type	Multi-tenant type
Description	Logistics properties customized to tenant needs, while maintaining general versatility to accommodate successor tenants in the future	Logistics properties located on sites suitable to the logistics needs of various businesses with optimal scale, grade and facilities for their respective site

<Residential properties>

Type	Compact	Family
Description	Residences with dedicated area of 60 m ² or less	Residences with dedicated area of more than 60 m ²

<Retail properties>

Type	Mall type	Roadside type	Urban type
Description	Enclosed (Note 1) or open malls (Note 2) located along a main highway or residential road	Single retail properties or retail complexes consisting of independent stores located along a main highway or residential road	Retail properties located near terminal stations or in popular urban districts

(Note 1) Enclosed malls are shopping malls that contain all stores in a single building in an air-conditioned mall center.

(Note 2) Open malls are open-air shopping malls, including malls covered by a canopy top that connects stores outside of a building.

- “Anticipated date of acquisition” shows the planned date of acquisition of the respective Anticipated Acquisitions indicated in the purchase agreements regarding the relevant acquisition, but such a date may be changed by mutual consent between DHR and the seller.
- “Anticipated acquisition price” shows the transaction price (excluding such amounts as expenses related to acquisition, amount equivalent to reimbursement of taxes and dues, etc., and amount equivalent to consumption taxes) of the respective Anticipated Acquisitions indicated in the purchase agreements regarding the relevant acquisition.
- “Trustee” is the trustee or the party that is scheduled to become the trustee of the respective Anticipated Acquisitions.
- “Trust maturity date” shows the trust maturity date for respective Anticipated Acquisitions defined in the trust agreement which is scheduled to have teeth when DHR acquires.
- “Lot number” for location is the lot number as indicated in the register (only one location is indicated for properties that have several location), and “Residence indication” for location is the residence indication of each property in trust as indicated in the register (for each property in trust without residence indication, the location of the building is as indicated in the register (only one location is indicated for properties that have several location)).
- “Type of ownership” for the land and building indicates, for each of the Anticipated Acquisitions, the kind of rights held or to be acquired by DHR, or the kind of rights held by the trustee or to be held by a party that is scheduled to become a trustee subject to a trust agreement which is scheduled to have teeth when DHR acquires.
- “Land area” is based on the descriptions in the registry, and may not match the present status.
- “Area classification” for the land indicates the type of zoning district depicted in Article 8, Paragraph 1, Item 1 of the City Planning Act (Act No. 100 of 1968, as amended) or the type of urban district classification depicted in Article 7 of the City Planning Act.
- “Building coverage ratio” for the land is the ratio of the building area of the building to the site area as stipulated in Article 53 of the Building Standards Act (Act No.201 of 1950, as amended) and is the maximum figure of the building coverage ratio determined by city planning in accordance with the zoning, etc. (designated building coverage ratio). Designated building coverage ratios may be relaxed / increased, or decreased, since the building is a fireproof building in a fire prevention district, or for other reasons. Therefore it may differ from the actual building coverage ratio to be applied.
- “Floor area ratio (FAR)” for the land is the ratio of the total floor area of the building to the site area as stipulated in Article 52 of the Building Standards Act and is maximum figure of the floor area ratio determined by city planning in accordance

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with the zoning, etc. (designated floor area ratio). Designated floor area ratios may be relaxed / increased, or decreased, since the width of the road adjacent to the site, or for other reasons. Therefore it may differ from actual floor area ratio to be applied.

- “Gross floor area” for the building is the sum total of the floor area recorded in the registry, excluding the areas of annex buildings, and may not match the present status.
- “Use” for the building shows the primary category described in the registry, and may not match the present status.
- “Structure” and “Number of floors” for the building are based on the descriptions in the registry, and excludes annex buildings.
- “Date of construction” for the building is the date of construction as written in the property registry of the main building.
- “Collateral” indicates the outline of the collateral for the respective Anticipated Acquisitions, if there is collateral scheduled to be borne by DHR after the acquisition.
- “Overview of building condition evaluation” is based on the descriptions in the engineering report prepared for the respective Anticipated Acquisitions.
- “Evaluation date” shows the date when the building condition evaluation report surveyed and prepared by the evaluation companies was prepared.
- “PML” represents the probable maximum loss from an earthquake as being the amount of probable loss of damage that may result from an earthquake having 0.21% annual exceedance probability (475-year return period) expressed as a percentage (%) of the replacement cost. (Note)
(Note) Replacement cost: Expenses that will be incurred if the existing building is to be newly constructed at the time investigation.
- “Soil contamination inspector” is based on the descriptions in the engineering report prepared for the respective Anticipated Acquisitions.
- “Designer, structural designer, contractor and inspection agency” is based on the descriptions in the applications for building verification and applications for approval to change etc. for the Anticipated Acquisitions, and is described as the names of the companies at the time.
- “Overview of leasing” shows the content of respective lease agreements or lease reservation agreements as of May 31, 2021 for respective property in trust regarding the respective Anticipated Acquisitions. The items “Contract form”, “Contract period”, “Rent revision”, “Contract renewal” and “Early cancellation” are filled with the information about key tenants (of which leased area exceeds 50% of the leasable area of the whole building) for the portfolio assets. In the event that a pass-through type master lease agreement has been executed or is scheduled to be executed for each property in trust, the terms of a sublease agreement executed between a master lease company and a key end tenant. “Leased area (ratio to total leasable area)” is indicated only when there is more than one tenant (end tenant)”.
- “Leasable area” is the leasable area of the building (of the land, for land with leasehold interest properties) for each property in trust, and indicates the area which DHR recognizes to be leasable based on the lease agreements or lease reservation agreements or building drawings or other documents for the respective property in trust as of May 31, 2021. In the cases of quasi co-owned trust beneficiary interests, the leasable area of the entire real estate multiplied by the ratio of quasi co-ownership of the trust beneficiary interests in the relevant real estate to be held by DHR is provided.
- “Leased area” shows the leased area indicated in respective lease agreements or lease reservation agreements as of May 31, 2021 for respective property in trust regarding the respective Anticipated Acquisitions. However, if there is a master lease agreement or a planned master lease agreement concluded with the sublessee, it shows the leased area of end-tenants indicated in the sublease agreements concluded between the sublessee and end-tenants as of May 31, 2021 for respective property in trust regarding the respective Anticipated Acquisitions. Furthermore, as the respective lease agreements or lease reservation agreements may indicate leased area that includes portions not included in the gross floor area, the leased area may exceed the gross floor area. In particular, if eaves are included in the leased area for logistics facilities, the leased area may significantly surpass the gross floor area. Furthermore, in the cases of quasi co-owned trust beneficiary interests, the leased area of the entire real estate multiplied by the ratio of quasi co-ownership of the trust beneficiary interests in the relevant real estate to be held by DHR is provided.
- “Occupancy rate” is the ratio of leased floor area to leasable floor area.
- “Number of leasable units” is the number of units of residential property that is leasable as of May 31, 2021.
- “Number of tenants” indicates the number of tenants for each property of the Anticipated Acquisitions based on the lease agreements or lease reservation agreements, etc. as of May 31, 2021. However, “Number of tenants” enters the number of tenants as 1 if there is a master lease agreement or a planned master lease agreement concluded with the sublessee.
- “Annual rent” means the amount calculated by multiplying the monthly rent (excluding consumption taxes) of the building as indicated in respective lease agreement or lease reservation agreement in relation to each property in trust as of May 31, 2021 by 12 on an annual basis (as to properties in trust for which multiple lease agreements or lease reservation agreements are entered into, the total amount indicated in such lease agreements or lease reservation agreements). If a pass-through type master lease agreement is or is scheduled to be entered into, the annual rent is the amount calculated by multiplying the monthly rent (excluding consumption taxes) as indicated in each sublease agreement in relation to each property in trust as of May 31, 2021 by 12 on an annual basis (as to properties in trust for which multiple sublease

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agreements are entered into, the total amount indicated in such sublease agreements). Regarding sales commission rent, it uses the monthly sales commission rent linked to the sales of May 2021. Furthermore, in the cases of quasi co-owned trust beneficiary interests, the annual rent of the entire real estate multiplied by the ratio of quasi co-ownership of the trust beneficiary interests in the relevant real estate to be held by DHR is provided.

- “Tenant leasehold and security deposits” is calculated based on the leasehold and security deposits indicated in respective lease agreement or lease reservation agreement in relation to each property in trust as of May 31, 2021 (as to properties in trust for which multiple lease agreements or lease reservation agreements are entered into, the total amount indicated in such lease agreements or lease reservation agreements). If a pass-through type master lease agreement is or is scheduled to be entered into, leasehold and security deposits are those indicated in the sublease agreements of end-tenants as of May 31, 2021 (as to properties in trust for which multiple sublease agreements are entered into, the total amount indicated in such sublease agreements). Meanwhile, leasehold and security deposits that do not need to be returned to the tenant pursuant to the lease agreements or lease reservation agreements are excluded from this calculation. Furthermore, in the cases of quasi co-owned trust beneficiary interests, the tenant leasehold and security deposits of the entire real estate multiplied by the ratio of quasi co-ownership of the trust beneficiary interests in the relevant real estate to be held by DHR is provided.
- “Lease term” indicates what is specified in the respective lease agreements or lease reservation agreements as of May 31, 2021 for each property in trust (or, the sublease agreements concluded between the sublessee and end-tenants as of May 31, 2021, for each property in trust, in the event that a pass-through type master lease agreement has been executed or is to be executed with a master lease company). “Average lease term” indicates a weighted average of the lease term under the respective lease agreements or lease reservation agreements with the annual rent specified in the relevant agreements, respectively.
- “Remaining lease term” indicates the period from the respective anticipated date of acquisition to the expiration of the lease term specified in the respective lease agreements or lease reservation agreements as of May 31, 2021 for each property in trust (or the sublease agreements concluded between the sublessee and end-tenants as of May 31, 2021 for each property in trust, in the event that a pass-through type master lease agreement has been executed or is to be executed with a master lease company). “Average remaining lease term” indicates a weighted average of the remaining lease term under the respective lease agreements or lease reservation agreements with the annual rent specified in the relevant agreements, respectively.
- “Master lease company” is the lessee that has a blanket lease agreement concluded or scheduled to be concluded with the trustee for the purpose of re-letting to third parties.
- “Master lease type” shows either a “pass-through type” for those master lease agreements that DHR receives rents as-is, and “sublease type” for those master lease agreements that DHR receives a fixed amount of rent irrespective of the actual rent paid by the end-tenants. For a “pass-through type” DHR is entitled to receive rents when it is actually leased to an end-tenant.
- “Property management company” indicates the property management company consigned or scheduled to be consigned with property management services for respective property in trust.
- “Contract period” shows the contract period indicated in respective lease agreements or lease reservation agreements as of May 31, 2021 for respective property in trust.
- “Other leases” shows the content of respective contract concerning installation of solar power generation system for the purpose of leasing the roof top, etc. on each property in trust entered into or scheduled to be entered into when acquired by DHR.
- “Special items” presents matters recognized to be of importance in terms of the rights, use, etc. of respective Anticipated Acquisitions, as well as matters recognized to be of importance in consideration of the degree of impact on the appraised value, profitability and appropriation of assets, including the following matters:
 - (i) significant limitations or restrictions by laws, ordinances, rules and regulations;
 - (ii) significant burdens or limitations pertaining to rights, etc.;
 - (iii) significant cases where there are building, etc. crossing the boundaries of respective Anticipated Acquisitions without arrangements and cases where there are issues with boundary confirmation, etc.; and
 - (iv) significant agreements, arrangements, etc. made with co-owners or condominium unit owners.
- “Property characteristics” of logistics properties and other assets is written based on the major items, including the fundamental nature, characteristics, and special features of the located area of the respective Anticipated Acquisitions stated in the respective evaluation reports for the respective Anticipated Acquisitions prepared by CBRE K.K. or Japan Hotel Appraisal Co., Ltd. consigned from DHR of their evaluation. The evaluation of the respective Anticipated Acquisitions represents the judgment and opinion of the evaluation company, and does not guarantee the appropriateness and correctness of the statements.

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Property number	DPL Nagareyama III		Asset class	Logistics	
LM-006			Type	Multi-tenant type	
Anticipated date of acquisition	October 1, 2021		Anticipated acquisition price	32,000 million yen	
Overview of specified asset					
Type of specified asset		Trust beneficiary interest in real estate (Note 1)			
Trustee		Mitsubishi UFJ Trust and Banking Corporation	Trust maturity date	September 30, 2041	
Location	Lot number	1597-1, Aza Waseda, Nishifukai, Nagareyama City, Chiba			
	Residence indication	1597-1, Aza Waseda, Nishifukai, Nagareyama City, Chiba			
Land	Type of ownership	Ownership	Building	Type of ownership	Ownership
	Land area	53,937.01m ²		Gross floor area	106,917.34m ²
	Area classification	Urbanization restricted area		Use	Warehouse, office
	Building coverage ratio	60% (Note 2)		Structure	Reinforced concrete and steel-frame building
	FAR	200%		Number of floors	4F
Collateral	None		Date of construction	October 14, 2020	
Overview of building condition evaluation					
Evaluation company		Tokio Marine dR Co., Ltd.			
Urgent repair costs		0 thousand yen	Evaluation date	July 2021	
Short-term repair costs		0 thousand yen	PML	1.5%	
Long-term repair costs		352,375 thousand yen / 12 years			
Soil contamination inspector					
Inspector		Tokio Marine dR Co., Ltd.			
Designer, structural designer, contractor, inspection agency					
Designer		Fukuda and Partners (office of Class-1 Architects)			
Structural designer		Fukuda and Partners (office of Class-1 Architects)			
Contractor		Takamatsu Corporation Co., Ltd. / Asunaro Aoki Construction Co., Ltd.			
Inspection agency		Saitama Housing Inspection Center (general incorporated foundation)			
Structural calculation evaluation agency		The Japan Building Equipment and Elevator Center Foundation			
Overview of leasing					
Leasable area		106,859.16 m ² (Note 3)	Number of tenants	1	
Leased area		106,859.16 m ² (Note 3)	Annual rent	Not disclosed (Note 4)	
Occupancy rate		100.0%	Tenant leasehold and security deposit	Not disclosed (Note 4)	
Lease term		Not disclosed (Note 4)	Remaining lease term	Not disclosed (Note 4)	
Master lease company		-			
Master lease type		-			
Property management company		Daiwa House Property Management Co., Ltd.			
Lessee		Not disclosed (Note 4)			
Special items					
<ol style="list-style-type: none"> With respect to a part of the boundaries of the land of the property which have not been established in writing as of August 11, 2021, DHR has agreed with the seller that the seller will promptly conclude a written agreement to establish such boundaries at its responsibility and expense. Some findings are pointed out in the report on the building condition evaluation, etc., and, as of August 11, 2021 such 					

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findings will be rectified at the responsibility and expense of the seller before the acquisition by DHR. In case that such rectifications are not completed before the acquisition by DHR, the rectifications will be promptly completed at the responsibility and expense of the seller after the acquisition by DHR.

Property characteristics

■ Good access

This property is located in Nagareyama City, which is situated in northwestern Chiba within a 25km radius from central Tokyo and has good railway access covering extensive areas via the railway network such as the Tsukuba Express, the JR Musashino Line and Joban Line, the Tobu Noda Line and the Ryutetsu Nagareyama Line, as well as well-developed wide-area road traffic network with the Joban Expressway and National Routes 16 and 6, etc. This property is situated in a favorable location for artery roads, approximately 2.7km from Nagareyama IC on the Joban Expressway, with convenient access to National Route 16. This property can serve as a hub for an extensive delivery network covering Tokyo, Saitama and Chiba, due to its accessibility to the Tokyo Gaikan Expressway and Metropolitan Expressway via Misato JCT on the Joban Expressway, as well as its proximity to National Route 16. The width of the roads adjacent to the site and accessible via two doorways on the southern side and eastern side, respectively, is sufficiently (approximately 16m) to makes it easy for large trucks to enter and exit from the site.

■ Location suitable for logistics

The property, located in an area mostly surrounded by plants and fields, can operate 24 hours a day over the long term with low likelihood of complaints from local residents. The property is able to secure workforce from Nagareyama City and heavily-populated neighboring cities as it is located within approximately 1.6km, approximately 20-minute walking distance from the nearest station, Unga Station on the Tobu Urban Park Line.

■ High specifications

It is a four-story logistics facility with gross floor area of approximately 32,342 tsubo, leased to a major e-commerce company. As for basic specifications, the property has ceiling heights of 6.85m (1~2F), 6.75m (3F) and 6.25m (4F), a floor weight capacity of 1.5t/m², and a pillar interval spacing of 11.5m by 10.0m, which offers versatility for a wide variety of tenants with various business needs.

Allotted spaces for trucks installed on both sides of 1F and 3F enable trucks to access directly upper floors via the slope and facilitate entry and exit, as well as carry-in and discharge, which enhances efficiency in delivery operation. A number of vertical carriage equipment (4 cargo elevators and 4 vertical carriage machines) enables efficient warehousing operation, internal carriage and storage. The property can be rented separately, which contributes to enhancing its competitive edge. It is a one-way traffic utilizing two doorways for trucks with the entrance and exit separated into 1F and 3F, enabling safe and efficient truck operation. There are 225 parking lots for ordinary vehicles, which is sufficient for car commuters. The property reduces environmental footprint as it is equipped with solar power generation systems that power the facilities.

(Note 1) DHR has agreed in the purchase agreement with the seller that, as of the same date with the acquisition date of the property, the seller will entrust the property to the above trustee, and the seller will transfer the trust beneficiary interest to DHR as of the same date.

(Note 2) While the building coverage ratio of the property is essentially 60%, due to application of corner lot mitigation, it is set at 70%.

(Note 3) The leased area provided in the lease agreement for temporary use that was concluded by the seller for the part of this property is not included.

(Note 4) Not disclosed as consent for disclosure has not been obtained from the lessee.

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Property number	D Project Wako A		Asset class	Logistics	
LB-065	(50% quasi co-ownership interest)		Type	BTS type	
Anticipated date of acquisition	September 3, 2021		Anticipated acquisition price	10,750 million yen	
Overview of specified asset					
Type of specified asset		Trust beneficiary interest in real estate			
Trustee		Sumitomo Mitsui Trust Bank, Limited	Trust maturity date	December 31, 2040	
Location	Lot number	5-2004-1, Niikura, Wako City, Saitama			
	Residence indication	5-7-5, Niikura, Wako City, Saitama			
Land	Type of ownership	Ownership	Building	Type of ownership	Ownership
	Land area	32,341.98m ² (Note 1)		Gross floor area	57,198.77m ² (Note 1)
	Area classification	Quasi-industrial district		Use	Warehouse
	Building coverage ratio	60% (Note 2)		Structure	Steel-frame flat-roofed building
	FAR	200%		Number of floors	6F
Collateral	None		Date of construction	April 1, 2015	
Overview of building condition evaluation					
Evaluation company		Tokio Marine dR Co., Ltd.			
Urgent repair costs		0 thousand yen	Evaluation date	July 2021	
Short-term repair costs		0 thousand yen	PML	3.0%	
Long-term repair costs		192,484 thousand yen / 12 years			
Soil contamination inspector					
Inspector		Tokio Marine dR Co., Ltd.			
Designer, structural designer, contractor, inspection agency					
Designer		Daiwa House Industry Co., Ltd.			
Structural designer		Daiwa House Industry Co., Ltd., SPAN Design LTD.			
Contractor		Daiwa House Industry Co., Ltd.			
Inspection agency		Saitama Housing Inspection Center (general incorporated foundation)			
Structural calculation evaluation agency		-			
Overview of leasing					
Leasable area		39,258.06 m ²	Number of tenants	1	
Leased area		39,258.06 m ²	Annual rent	Not disclosed (Note 3)	
Occupancy rate		100.0%	Tenant leasehold and security deposit	Not disclosed (Note 3)	
Lease term		25.0 years	Remaining lease term	18.6 years	
Master lease company		-			
Master lease type		-			
Property management company		Daiwa House Property Management Co., Ltd.			
Lessee		JAPAN POST Co., Ltd.			
Contract form		Fixed-term building lease agreement			
Contract period		Not disclosed (Note 3)			
Rent revision		Not disclosed (Note 3)			
Contract renewal		No renewal; the lease agreement will end upon expiration of the lease period.			
Early cancellation		Not disclosed (Note 3)			

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Special items	
<ol style="list-style-type: none"> 1. DHR will acquire 50% quasi co-ownership interest of trust beneficiary interest in real estate. Another quasi co-owner of the interest is DHLCF Godo Kaisha. DHR will succeed the status of the seller under the agreement with the other quasi co-owner in connection with the management of this property. 2. The easement is established for a part of the land of this property (covering approximately 372.17 m²), with the land the lot number of which is 1015-1, Kita-machi 4-chome, Nishitokyo City, Tokyo, set as the dominant land, where there is a height limitation on buildings / structures and the entry into the land for the purpose of installation and maintenance of power transmission lines is permitted. 3. For a part of the land of this property (covering 47.48 m²), an agreement regarding the power transmission lines is concluded where there is a height limitation on buildings / structures and entry into the land for the purpose of installation and maintenance of power transmission lines is permitted. 4. Some findings are pointed out in the report on the building condition evaluation, etc., and as of August 11, 2021, DHR has agreed with the seller that such findings shall be rectified at the responsibility and expense of the seller before the acquisition by DHR. 	
Property characteristics	
<p>■ Favorable location</p> <p>This property is located in Wako City, which is situated in southern Saitama within an approximately 25km radius from central Tokyo, accessible via Wakoshi Station on the Tobu Tojo Line and the Tokyo Metro Yurakucho Line / Fukutoshin Line. This residential city with a population of approximately 84,000 has been developed as a commuter town and research and training facilities have been built in recent years by the national government and companies in the private sector. In logistics terms, facilities have been constructed along with Tokyo Gaikan Expressway and National Routes 298 and 254. This property is situated in a favorable location with capability of freight collection and delivery within southern Saitama and northern Tokyo via National Routes 298 and 254, as well as a hub for an extensive freight collection and delivery network covering the entire Tokyo Metropolitan area via the Kan-estu Expressway, the Tohoku Expressway and the Joban Expressway, owing to its proximity to central Tokyo and its adjacency, within approximately 0.4km, to Wako Kita IC on the Tokyo Gaikan Expressway. The property, located in a quasi-industrial district mostly surrounded by plants and fields, can operate 24 hours a day over the long term with low likelihood of complaints from local residents. The property is able to secure workforce relatively easily from heavily-populated neighboring cities along with the Tobu Tojo Line despite some distance from the nearest station.</p>	
<p>■ Specifications</p> <p>It is a six-story logistics facility with gross floor area of approximately 17,302 tsubo, leased to JAPAN POST Co., Ltd. As for basic specifications, the property has ceiling heights of 7.2m (warehouses and working spaces on 1F, with 2F used as changing rooms, etc.), 6.4m (3F), 5.6m (4F), 5.6m (5F) and 6.4m (6F), a pillar interval spacing of 12.0m by 9.0m~13.0m (on a standard basis) and a floor weight capacity of 1.5t/m², which offers versatility. It has 4 cargo elevators, offering convenience in warehousing operation. Ramp ways equipped on 1F, 3F and 4F and slots for trucks installed on both sides of 1F and on one side of 3F and 4F for 71 trucks, 32 trucks and 13 trucks respectively, as well as two doorways, enable efficient truck operation. There are 407 parking lots in total, consisted of 39 and 301 parking lots for ordinary vehicles on 1F and the rooftop, respectively, and 62 and 5 parking lots for large vehicles on 1F and in the greenery area respectively.</p>	

(Note 1) While DHR anticipates to acquire 50% of quasi co-ownership of trust beneficiary interest in this property, the land area and gross floor area indicate the figures of the entire property.

(Note 2) While the building coverage ratio of the property is essentially 60%, due to application of a fire-resistant building located at a corner and in a quasi-fire-protection district, it is set at 80%.

(Note 3) Not disclosed as consent for disclosure has not been obtained from the lessee.

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Property number	D Project Hiratsuka		Asset class	Logistics	
LB-066			Type	BTS type	
Anticipated date of acquisition	October 1, 2021		Anticipated acquisition price	15,200 million yen	
Overview of specified asset					
Type of specified asset		Trust beneficiary interest in real estate (Note1)			
Trustee		Sumitomo Mitsui Trust Bank, Limited	Trust maturity date	October 31, 2041	
Location	Lot number	439-1, Aza Kasahari, Ookami, Hiratsuka City, Kanagawa (Note 2)			
	Residence indication	439-1, Aza Kasahari, Ookami, Hiratsuka City, Kanagawa			
Land	Type of ownership	Right to use and profit from the land (Ownership) (Note 3)	Building	Type of ownership	Ownership
	Land area	30,972.00m ² (Note 2)		Gross floor area	54,299.55m ²
	Area classification	Quasi-industrial district		Use	Warehouse, office
	Building coverage ratio	60% (Note 4)		Structure	Steel-frame reinforced concrete and steel-frame building
	FAR	200%		Number of floors	5F
Collateral	None		Date of construction	April 1, 2021	
Overview of building condition evaluation					
Evaluation company		Tokio Marine dR Co., Ltd.			
Urgent repair costs		0 thousand yen	Evaluation date	July 2021	
Short-term repair costs		0 thousand yen	PML	10.3%	
Long-term repair costs		158,215 thousand yen / 12 years			
Soil contamination inspector					
Inspector		Tokio Marine dR Co., Ltd.			
Designer, structural designer, contractor, inspection agency					
Designer		Daiwa House Industry Co., Ltd.			
Structural designer		Daiwa House Industry Co., Ltd.			
Contractor		Kumagai Gumi Co., Ltd.			
Inspection agency		JAPAN ERI CO., LTD.			
Structural calculation evaluation agency		-			
Overview of leasing					
Leasable area		54,743.12 m ²	Number of tenants	1	
Leased area		54,743.12 m ²	Annual rent	Not disclosed (Note 5)	
Occupancy rate		100.0%	Tenant leasehold and security deposit	Not disclosed (Note 5)	
Lease term		Not disclosed (Note 5)	Remaining lease term	Not disclosed (Note 5)	
Master lease company		-			
Master lease type		-			
Property management company		Daiwa House Property Management Co., Ltd.			
Lessee		Japan Logistic Systems Corp.			
Contract form		Fixed-term building lease agreement			
Contract period		Not disclosed (Note 5)			
Rent revision		Not disclosed (Note 5)			

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Contract renewal	No renewal; the lease agreement will end upon expiration of the lease period.
Early cancellation	Not disclosed (Note 5)
Other leases	The following contract for the lease of the rooftop, etc. of this property for the purpose of installing a solar power system was executed: Counterparty: Daiwa Energy Co., Ltd. Contract date: December 24, 2020 Contract period: from May 31, 2021 to May 30, 2041 Annual rental fees: 1,228,800 yen (consumption tax excluded)
Special items	
<ol style="list-style-type: none"> 1. The land of this property is consisted of the temporary replotting land and reserved land located within the area of the Twin City Ookami land readjustment project of Hiratsuka City. As of August 11, 2021, division from the premises of adjacent buildings located within the same reserved land as the premises of this property has been granted by Hiratsuka City Twin City Ookami land readjustment union and procedure of the division will be completed before the acquisition. 2. The right over land to be acquired by the trustee is the ownership of the previous land of the temporary replotting land, the right to use and profit from the temporary replotting land based on the designation of the temporary replotting land, the right to use and profit from the reserved land based on the sale and purchase agreement regarding such reserved land, and the right to acquire the ownership of the reserved land after designation of replotting. The trustee will acquire each of the ownership of the temporary replotting land and the reserved land after the final allocation. 3. Disposition of the right to use or profit of the reserved land requires grant from Hiratsuka City Twin City Ookami land readjustment union to be conducted. 4. The boundary of the land will be established and finalized after the final allocation. 	
Property characteristics	
<p>■ Favorable location</p> <p>Hiratsuka City, where this property is located, is located in the center of Kanagawa Prefecture, approximately 50 km from central Tokyo. This property, located approximately 3.5km from Atsugi IC on the Tomei Expressway, approximately 2.1km from Atsugi Minami IC on the Shin-Tomei Expressway and approximately 2.7km from Isehara IC on the Odawara-Atsugi Road, has a potential to serve as a relay point connecting the Tokyo metropolitan area with the Nagoya and Osaka metropolitan areas, and it is also expected to draw strong needs as a logistics hub of broad area covering mass-consumption areas such as Tama region and the entire Tokyo metropolitan area by entering into the Ken-O Expressway from Ebina JCT. It also offers convenience for both of regional and long-distance delivery operations because its location can cover the entire western Tokyo and major city areas such as Yokohama and Kawasaki. This property, located within the Ookami land readjustment project of Hiratsuka City, where further developments are planned, can operate 24 hours a day over the long term with low likelihood of complaints from local residents. In terms of recruitment, the tenant may find it relatively easy to secure workforce as the property is surrounded by districts with large labor population and accessible via route buses from Hon Atsugi Station or Aiko Ishida Station on the Odakyu Odawara Line, despite the distance of approximately 4.6km from the latter station.</p> <p>■ Specifications</p> <p>It is a five-story logistics facility with gross floor area of 16,425 tsubo, leased to a 3PL company. As for basic specifications, the property has ceiling heights of 7.7m (1F), 6.7m (2F), 6.6m (3F), 3.8m (4F) and 4.02m (5F) with some part of 4F and 5F built as an open ceiling space with the ceiling height of 7.82m, a floor weight capacity of 2.0t/m² (1F), 1.5t/m² (2-3F), 1.0t/m² (4F) (1.5t/m² for the open ceiling space) and 0.5t/m² (5F), and a pillar interval spacing of 11.5m by 10.2m, which offers flexibility that enables usable layout. Ramp ways equipped on each floor from 1F to 3F that enhance efficiency in truck operation, as well as two cargo elevators and two vertical carriage machines, offer high versatility. This property is also equipped with two warehouses for hazardous materials. There are waiting spaces for 20 trucks and 199 parking lots for passenger vehicles, which is sufficient and considerate of car commuters.</p>	

(Note 1) DHR has agreed in the purchase agreement with the seller that, as of the same date with the acquisition date of the property, the seller will entrust the property to the above trustee, and the seller will transfer the trust beneficiary interest to DHR as of the same date.

(Note 2) The land is located within the area of the Twin City Ookami land readjustment project of Hiratsuka City of which the contractor is Hiratsuka City Twin City Ookami land readjustment union and the land of this property is temporary replotting land and reserved land. Therefore, only one location is indicated for lot number of the previous land. As of today, division from the premises of adjacent buildings located within the same reserved land as the premises of this property has been granted by Hiratsuka City Twin City Ookami land readjustment union. The land area is represented by the total of area of temporary replotting land described in the application for certification and area of reserved land after division (scheduled). The land area of reserved land and temporary replotting land may be increased or decreased as a result of designation of replotting.

(Note 3) For the rights related to the land which the trustee will acquire, see Special items 2. above.

(Note 4) While the building coverage ratio of the property is essentially 60%, due to application of corner lot mitigation, it is set at 70%.

(Note 5) Not disclosed as consent for disclosure has not been obtained from the lessee.

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Property number	GRANODE Hiroshima (additional acquisition of 50% quasi co-ownership interest)		Asset class	Other Asset (Office)	
OT-006			Type	-	
Anticipated date of acquisition	September 3, 2021		Anticipated acquisition price	14,400 million yen	
Overview of specified asset					
Type of specified asset		Trust beneficiary interest in real estate			
Trustee		Sumitomo Mitsui Trust Bank, Limited	Trust maturity date	April 30, 2040	
Location	Lot number	3-8-7, Futabanosato, Higashi Ward, Hiroshima City, Hiroshima			
	Residence indication	3-5-7, Futabanosato, Higashi Ward, Hiroshima City, Hiroshima			
Land	Type of ownership	Ownership	Building	Type of ownership	Ownership
	Land area	6,339.23m ² (Note 1)		Gross floor area	46,995.92m ² (Note 1)
	Area classification	Retail district		Use	Hotel, office, retail, parking lot
	Building coverage ratio	80% (Note 2)		Structure	Steel-frame reinforced concrete building
	FAR	500% (Note 3)		Number of floors	20F with 2 basements
Collateral	None		Date of construction	March 29, 2019	
Overview of building condition evaluation					
Evaluation company		Tokio Marine dR Co., Ltd.			
Urgent repair costs		0 thousand yen	Evaluation date	July 2021	
Short-term repair costs		0 thousand yen	PML	1.4%	
Long-term repair costs		220,401 thousand yen / 12 years			
Soil contamination inspector					
Inspector		Tokio Marine dR Co., Ltd.			
Designer, structural designer, contractor, inspection agency					
Designer		Fujita Corporation			
Structural designer		Fujita Corporation			
Contractor		Fujita Corporation			
Inspection agency		JAPAN ERI CO., LTD.			
Structural calculation evaluation agency		-			
Overview of leasing					
Leasable area		14,962.23m ² (Office 9,645.59m ² , Hotel 3,839.60m ² , Retail 1,477.04m ²)			
Leased area		14,890.93m ² (Office 9,645.59m ² , Hotel 3,839.60m ² , Retail 1,405.74m ²)			
Occupancy rate		99.5%	Annual rent	861,953 thousand yen	
Number of tenant		1	Tenant leasehold and security deposit	749,309 thousand yen	
Average lease term		8.0 years	Average remaining lease term	5.9 years	
Master lease company			Daiwa Information Service Co., Ltd.		
Master lease type			Pass-through type		
Property management company			Daiwa Information Service Co., Ltd.		
Lessee		Daiwa Royal Co, Ltd. and others			
Special items					
1. For this property, the trustee and the two owners of the adjacent land on the east side of this property have executed an agreement which provides (i) that the empty space between the lands that constitutes a part of the subject land					

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should be open to the public to allow pedestrian traffic, (ii) that the three parties would pave roads and plant trees, etc. at the empty space and manage and share such roads and trees and plants, and (iii) that the three parties would collect usage fees if the empty space is leased to any third party for events, etc., and divide earnings from such rental equally among the three parties.

2. Some findings are pointed out in the report on the building condition evaluation, etc., and as of August 11, 2021, DHR has agreed with the seller that such findings shall be rectified at the responsibility and expense of the seller before the acquisition by DHR.

Property characteristics

■ Favorable location

This property is a multi-use building located in approximately a four-minute walk distance from the JR Hiroshima Station, in Futaba no Sato 5th District, comprised of a hotel, offices and retail facilities. The offices have strong locational advantages, as it is located on the north side of the Hiroshima station and has good access to public transportation, backed by the JR Hiroshima Station. The property has better locational advantages than other similar types of properties in the area, because of its high visibility and landmark characteristics. The hotel attracts a wide variety of visitors as it can address business and sightseeing needs, supported by its proximity to a limousine bus stop to and from Hiroshima Airport.

■ Tenant and business continuity plan (BCP) initiatives

3F to 11F of this property are occupied by office tenants, who are the main tenant base of this building. The office with standard floor area of approximately 660 tsubo is one of the largest among offices in Hiroshima City, while the office spaces are equipped with advanced specifications that are required for a newly-built building, including a ceiling height of 2.8m, OA floors and individual air-conditioning systems. This earthquake-resistant property has executed strong BCP initiatives, including a 72-hour supply of electricity generated by an equipped emergency generator and a space for tenants' power generators. Thanks to these characteristics, this property is highly competitive in Hiroshima City. 13F to 20F are occupied by Daiwa Roynet Hotel Hiroshima-Ekimae, operated by Daiwa Royal Co., Ltd. The hotel has a total of 197 twin/double guest rooms, and the size of the smallest room is 22m², which is relatively larger than those of other hotels in the same price range. Daiwa Roynet Hotel, a major nationwide hotel chain brand, under which development of new businesses is planned, is expected to continue to attract guests with its strong brand recognition and member system.

Retail facilities such as a convenience store, restaurants and cafes, service and other shops are operated on 1F and 2F.

(Note 1) As DHR acquired 50% of quasi co-ownership of trust beneficiary interest in this property as of April 3, 2020, the additional acquisition of the remaining 50% of quasi co-ownership of trust beneficiary interest will result in DHR's 100% ownership of trust beneficiary interest in this property. The land area and gross floor area indicated the figures of the entire property.

(Note 2) While the building coverage ratio of the property is essentially 80%, it is set at 100% due to application of a fire-resistant building located at a corner and in a quasi-fire-protection district.

(Note 3) The FAR of this property is set at 650 % according to the application of the provisions of Article 68-3, Paragraph 1 of the Building Standards Act.

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4. Seller profile

(1) DPL Nagareyama III

(1)	Name	Kabushiki Kaisha Nagareyama Kyodo Kaihatsu
(2)	Location	3-13-1, Iidabashi, Chiyoda Ward, Tokyo
(3)	Representative	Tatsuya Urakawa, Representative Director
(4)	Business activities	(a) Sale and purchase, leasing, agency, operation and management of real estate (b) Research, study, planning, designing and consulting regarding real estate development (c) All other businesses incidental or related to the above
(5)	Capital	3 million yen (as of February 28, 2021)
(6)	Foundation date	December 9, 2014
(7)	Net assets	-392 million yen (as of February 28, 2021)
(8)	Total assets	24,947 million yen (as of February 28, 2021)
(9)	Major shareholder and shareholding ratio	Daiwa House Industry Co., Ltd. 93.3% (as of February 28, 2021)
(10)	Relationships with DHR and the Asset Manager	
	Capital relationships	There is no capital relationship requiring disclosure between DHR/the Asset Manager and the seller. The seller is a subsidiary of Daiwa House Industry Co., Ltd., which is a parent company of the Asset Manager and thus falls under the category of an interested party, etc. as defined in the Investment Trust Act.
	Personnel relationship	There is no personnel relationship requiring disclosure between DHR/the Asset Manager and the seller.
	Business relationship	There is no business relationship requiring disclosure between DHR/the Asset Manager and the seller.
	Status of classification as related party	The seller is not a related party of DHR. The seller is a subsidiary of Daiwa House Industry Co., Ltd. and thus falls under the category of a related party of the Asset Manager.

(2) D Project Wako A and GRANODE Hiroshima

(1)	Name	Daiwa House Industry Co., Ltd.
(2)	Location	3-3-5, Umeda, Kita Ward, Osaka City, Osaka
(3)	Representative	Keiichi Yoshii, President and CEO
(4)	Business activities	General contractor
(5)	Capital	161,699 million yen (as of March 31, 2021)
(6)	Foundation date	March 4, 1947
(7)	Net assets	1,893,504 million yen (as of March 31, 2021)
(8)	Total assets	5,053,052 million yen (as of March 31, 2021)
(9)	Major shareholder and shareholding ratio	The Master Trust Bank of Japan, Ltd. (Trust) 10.86% Custody Bank of Japan, Ltd. (Trust) 5.88% (as of March 31, 2021)
(10)	Relationships with DHR and the Asset Manager	
	Capital relationship	The seller holds 8.6% of DHR's investment units outstanding as of February 28, 2021. The seller also holds 100.0% of shares issued and outstanding of the Asset Manager as of today, and thus falls under the category of an interested party, etc. as defined in the Investment Trust Act.
	Personnel relationship	Of the officers and employees of the Asset Manager, 10 people have been seconded from the seller as of today.
	Business relationship	The seller is a consignee of PM and other services for DHR, and is a lessee of real estate owned by DHR. The seller has executed a new basic agreement regarding new pipeline support and other matters with DHR and the Asset Manager.
	Status of classification as related party	The seller is not a related party of DHR. The seller is a parent company of the Asset Manager and thus falls under the category of a related party of the Asset Manager.

(3) D Project Hiratsuka

(1)	Name	Daiwa House Twin City Ookami Tokutei Mokuteki Kaisha
(2)	Location	1-4-1, Nihonbashi, Chuo Ward, Tokyo
(3)	Representative	Yasuhiro Nishikawa, Director

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(4)	Business activities	(a) Acquisition of specified assets according to an asset liquidation plan based on the act on the securitization of assets, and management and disposal of such assets (b) All other businesses incidental or related to the above business
(5)	Capital	100,000 yen (as of February 28, 2021)
(6)	Foundation date	March 16, 2015
(7)	Net assets	1,341 million yen (as of February 28, 2021)
(8)	Total assets	19,654 million yen (as of February 28, 2021)
(9)	Major shareholder and shareholding ratio	Daiwa House Industry Co., Ltd. 100.0% (as of February 28, 2021)
(10)	Relationships with DHR and the Asset Manager	
	Capital relationships	There is no capital relationship requiring disclosure between DHR/the Asset Manager and the seller. The seller is a subsidiary of Daiwa House Industry Co., Ltd., which is a parent company of the Asset Manager and thus falls under the category of an interested party, etc. as defined in the Investment Trust Act.
	Personnel relationship	There is no personnel relationship requiring disclosure between DHR/the Asset Manager and the seller.
	Business relationship	There is no business relationship requiring disclosure between DHR/the Asset Manager and the seller.
	Status of classification as related party	The seller is not a related party of DHR. The seller is a subsidiary of Daiwa House Industry Co., Ltd. and thus falls under the category of a related party of the Asset Manager.

5. Interested party transactions

The following companies are defined as interested parties, etc. in the Investment Trust Act: Kabushiki Kaisha Nagareyama Kyodo Kaihatsu as the seller of DPL Nagareyama III; Daiwa House Industry Co., Ltd., as the seller of D Project Wako A and GRANODE Hiroshima; Daiwa House Twin City Ookami Tokutei Mokuteki Kaisha as the seller of D Project Hiratsuka; Daiwa House Property Management Co., Ltd. as the property management company of DPL Nagareyama III, D Project Wako A and D Project Hiratsuka; Daiwa Energy Co., Ltd. as the counterparty to a contract for installation of solar power system for the purpose of leasing the roofs, etc. of D Project Hiratsuka; and Daiwa Information Service Co., Ltd. as the master lease and property management company of GRANODE Hiroshima.

The Asset Manager has gone through the necessary discussion and resolution procedures in accordance with its internal rules regarding related party transactions.

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6. Status of the seller

Property acquisitions from parties with particular interests are as follows. The table below notes (1) the name of the party; (2) the relationship with the party that has a particular interest; and (3) the backgrounds and reason for the acquisition.

Property name (Location)	Previous owner / trust beneficiary	Owner before previous owner / trust beneficiary
	(1), (2), (3)	(1), (2), (3)
	Acquisition price	Acquisition price
	Acquisition date	Acquisition date
LM-006 DPL Nagareyama III (1597-1, Aza Waseda, Nishifukai, Nagareyama City, Chiba)	(1) Kabushiki Kaisha Nagareyama Kyodo Kaihatsu (2) Subsidiary of the parent company of the Asset Manager (3) Acquisition for development purposes	A party which does not have any particular interests
	Omitted as the previous owner/trust beneficiary has owned the property for over one year and part of the land was acquired in exchange	—
	September 2015 (Purchase)/ March 2021 (Exchange)	—
LB-065 D Project Wako A (5-7-5, Niikura, Wako City, Saitama)	(Land) (1) Daiwa House Industry Co., Ltd. (2) The parent company of the Asset Manager (3) Acquisition for development purposes (Building) (1) Daiwa House Industry Co., Ltd. (2) The parent company of the Asset Manager (3) Acquisition for disposition purposes	A party which does not have any particular interests
	(Land) Omitted as the previous owner/trust beneficiary has owned the property for over one year (Building) 4,579 million yen	—
	(Land) February 2014, May 2018 (Building) December 2020	—
LB-066 D Project Hiratsuka (439-1, Aza Kasahari, Ookami, Hiratsuka City, Kanagawa)	(1) Daiwa House Twin City Ookami Tokutei Mokuteki Kaisha (2) Subsidiary of the parent company of the Asset Manager (3) Acquisition for development purposes	A party which does not have any particular interests
	Omitted as the previous owner/trust beneficiary has owned the property for over one year	—
	May 2017, November 2017	—
OT-006 GRANODE Hiroshima (3-5-7, Futabanosato, Higashi Ward, Hiroshima City, Hiroshima)	(1) Daiwa House Industry Co., Ltd. (2) The parent company of the Asset Manager (3) Acquisition for development purposes	A party which does not have any particular interests

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Property name (Location)	Previous owner / trust beneficiary	Owner before previous owner / trust beneficiary
	(1), (2), (3)	(1), (2), (3)
	Acquisition price	Acquisition price
	Acquisition date	Acquisition date
	Omitted as the previous owner/trust beneficiary has owned the property for over one year	—
	June 2014	—

7. Acquisition schedule

Property name	Acquisition decision date and Execution date of the purchase agreements	Date of payment and Delivery date
D Project Wako A	August 18, 2021	September 3, 2021 (planned)
GRANODE Hiroshima		
DPL Nagareyama III		October 1, 2021 (planned)
D Project Hiratsuka		

8. Impact on DHR's finance in the event of failure of fulfillment of the forward commitment, etc.

DHR has entered into purchase agreements on August 18, 2021 for DPL Nagareyama III and D Project Hiratsuka (the "Purchase Agreements") with the sellers of the properties, in order to secure acquisition opportunities. All of the Purchase Agreements for these properties are "forward commitment, etc." (Note) as defined in the "Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc." established by the Financial Services Agency.

Under the Purchase Agreements, if a party breaches a Purchase Agreement, then the non-breaching party to the Purchase Agreement may cancel upon notice to the breaching party, but only if the non-breaching party is no longer able to fulfill the purpose of the Purchase Agreements due to the other party's breach. In the event the Purchase Agreement is cancelled, the non-breaching party may demand the breaching party to pay a penalty in the amount equal to approximately 20% of the sum of consumption tax and local consumption tax from purchase price (as such penalty is expected to constitute damage payment, the non-breaching party may not claim for damages in the amount exceeding such penalty amount).

DHR's payment of the purchase price, however, is subject to DHR completing the financing necessary to pay the purchase price. Hence, if DHR is unable to complete the financing necessary to pay the purchase price, the Purchase Agreements will expire without DHR assuming any obligations under the Purchase Agreement, including payment of any penalty.

Thus, if DHR cannot fulfill the forward commitment, etc. for failing to complete the financing, it is unlikely that such non-fulfillment will have any material impact on DHR's finance.

(Note) Forward commitment, etc. is a purchase and sale agreement executed one month or more in advance of the actual date on which the purchase price is paid and the property is transferred to the purchaser, as well as certain other similar contracts.

9. Outlook

For the forecasts of results for the fiscal period ending February 28, 2022 (from September 1, 2021 to February 28, 2022) and the fiscal period ending August 31, 2022 (from March 1, 2022 to August 31, 2022) with the acquisition of the Anticipated Acquisitions factored in, please refer to the press release "Notice Concerning Revision to Forecast of Results for the Fiscal Period Ending February 28, 2022 and Announcement of Forecast of Results for the Fiscal Period Ending August 31, 2022" separately announced today.

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10. Overview of property appraisal

“Overview of Property Appraisal” shows the overview of the real estate appraisal report of the Anticipated Acquisitions prepared by The Tanizawa Sōgō Appraisal Co., Ltd. or Japan Real Estate Institute regarding the appraisal consigned by DHR pursuant to the important notices on real estate appraisal based on the Investment Trust Act, and real estate appraisal standards and the Act on Real Estate Appraisal (Act No. 152 of 1963, as amended). The relevant appraisal report represents the judgment and opinion of the appraiser at a certain point, and does not guarantee the appropriateness and correctness of the statements and the possibility of trading at the appraisal value, etc. Furthermore, there is no relationship of special interest between The Tanizawa Sōgō Appraisal Co., Ltd. or Japan Real Estate Institute and DHR.

DPL Nagareyama III	
Appraisal value	32,100 million yen
Appraiser	The Tanizawa Sōgō Appraisal Co., Ltd.
Appraisal date	June 30, 2021

Item	Content	Basis
Value based on income method	32,100 million yen	Estimated value based on income method by using value based on discount cash flow method, with value based on direct capitalization method used as a reference
Value based on direct capitalization method	32,800 million yen	
Operating revenue	-	Not disclosed (Note)
Effective gross revenue	-	
Loss from vacancy	-	
Operating expense	-	
Maintenance	-	
Utility cost	-	
Repair	-	
Property management Fee	-	
Advertisement and other leasing cost	-	
Tax	-	
Insurance	-	
Other cost	-	
Net operating income (NOI)	1,435 million yen	
Investment income of lump sum	-	Not disclosed (Note)
Capital expenditure	-	
Net cash flow (NCF)	1,410 million yen	
Cap rate	4.3%	Estimated by comparing with the multiple transaction yields in the neighboring areas or the similar areas of the same supply and demand, and also by taking into account the volatility of net cash flow in the future, considering the relationship with the discount rate
Value based on Discounted Cash Flow method	31,800 million yen	
Discount rate	(from first to fifth year) 4.2% (from sixth year) 4.4%	Estimated by the base yield of the warehouse, which is determined by build-up approach based on yields of financial products, and by taking into account specific risks related to the property
Terminal cap rate	4.5%	Estimated on the basis of capitalization rate, in consideration of the prediction uncertainty
Value based on cost method	31,000 million yen	
Proportion of land	41.1%	

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Proportion of building	58.9%	
Items applied to adjustments in valuation approach and the determination of the appraisal value		None

(Note) Consent has not been obtained from the lessee for disclosure of certain figures in relation to the direct capitalization method, including information that could be used to deduce these amounts. Disclosure of this information could damage the relationship with the lessee, potentially resulting in claims being brought against DHR for breach of confidentiality and/or termination and endangering the long-term contractual relationship. Therefore, DHR believes that disclosure of this information could be detrimental to unitholder value, and, except in certain instances where it was deemed that no harm would result from disclosure, these items are not disclosed.

D Project Wako A (Note 1)	
Appraisal value	11,200 million yen
Appraiser	Japan Real Estate Institute
Appraisal date	June 30, 2021

Item	Content	Basis
Value based on income method	11,200 million yen	Estimated the value based on the capitalization method by treating equally the value calculated using the direct capitalization method and the value calculated using the discounted cash flow method and correlating these two values
Value based on direct capitalization method	11,400 million yen	
Operating revenue	-	
Effective gross revenue	-	
Loss from vacancy	-	
Operating expense	-	
Maintenance	-	
Utility cost	-	
Repair	-	
Property management Fee	-	Not disclosed (Note 2)
Advertisement and other leasing cost	-	
Tax	-	
Insurance	-	
Other cost	-	
Net operating income (NOI)	434 million yen	
Investment income of lump sum	-	Not disclosed (Note 2)
Capital expenditure	-	
Net cash flow (NCF)	433 million yen	
Cap rate	3.8%	Assessed by adjusting basic yields in the area with spreads attributable to the property's location, the characteristics of the building, the contract terms and conditions and other characteristics, in consideration of uncertainly in the future and other transaction yields for similar properties
Value based on Discounted Cash Flow method	10,950 million yen	
Discount rate	3.5%	Assessed by comprehensively taking into account characteristics unique to the property, etc., by reference to investment returns of similar properties, etc.
Terminal cap rate	4.1%	Assessed by comprehensively taking into account upcoming changes in investment returns, risks associated with the property as an investment target, general prediction of economic growth rates, trends in real estate prices and rent rates and all other applicable factors, by reference to investment returns of similar properties, etc.
Value based on cost method	10,750 million yen	
Proportion of land	66.4%	

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Proportion of building	33.6%	
Items applied to adjustments in valuation approach and the determination of the appraisal value		None

(Note 1) Indicates figures pertaining to the entire property on the appraisal report, however on this document, indicates figures equivalent to DHR's anticipated acquisition of 50% trust beneficiary quasi co-ownership interest, truncated to the nearest unit.

(Note 2) Consent has not been obtained from the lessee for disclosure of certain figures in relation to the direct capitalization method, including information that could be used to deduce these amounts. Disclosure of this information could damage the relationship with the lessee, potentially resulting in claims being brought against DHR for breach of confidentiality and/or termination and endangering the long-term contractual relationship. Therefore, DHR believes that disclosure of this information could be detrimental to unitholder value, and, except in certain instances where it was deemed that no harm would result from disclosure, these items are not disclosed.

D Project Hiratsuka	
Appraisal value	15,200 million yen
Appraiser	The Tanizawa Sōgō Appraisal Co., Ltd.
Appraisal date	June 30, 2021

Item	Content	Basis
Value based on income method	15,200 million yen	Estimated value based on income method by using value based on discount cash flow method, with value based on direct capitalization method used as a reference
Value based on direct capitalization method	15,500 million yen	
Operating revenue	-	Not disclosed (Note)
Effective gross revenue	-	
Loss from vacancy	-	
Operating expense	-	
Maintenance	-	
Utility cost	-	
Repair	-	
Property management Fee	-	
Advertisement and other leasing cost	-	
Tax	-	
Insurance	-	
Other cost	-	
Net operating income (NOI)	677 million yen	
Investment income of lump sum	-	Not disclosed (Note)
Capital expenditure	-	
Net cash flow (NCF)	665 million yen	
Cap rate	4.3%	Estimated by comparing with the multiple transaction yields in the neighboring areas or the similar areas of the same supply and demand, and also by taking into account the forecasting fluctuations in net cash flow, considering the relationship with the discount rate
Value based on Discounted Cash Flow method	15,100 million yen	
Discount rate	(from first to tenth year) 4.3% (eleventh year) 4.4%	Estimated by the base yield of the warehouse, which is determined by build-up approach based on yields of financial products, and by taking into account specific risks related to the property
Terminal cap rate	4.5%	Estimated on the basis of capitalization rate, in consideration of the prediction uncertainty
Value based on cost method	14,200 million yen	
Proportion of land	37.6%	
Proportion of building	62.4%	

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Items applied to adjustments in valuation approach and the determination of the appraisal value	None
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(Note) Consent has not been obtained from the lessee for disclosure of certain figures in relation to the direct capitalization method, including information that could be used to deduce these amounts. Disclosure of this information could damage the relationship with the lessee, potentially resulting in claims being brought against DHR for breach of confidentiality and/or termination and endangering the long-term contractual relationship. Therefore, DHR believes that disclosure of this information could be detrimental to unitholder value, and, except in certain instances where it was deemed that no harm would result from disclosure, these items are not disclosed.

GRANODE Hiroshima (Note)	
Appraisal value	15,350 million yen
Appraiser	Japan Real Estate Institute
Appraisal date	June 30, 2021

Item	Content	Basis
Value based on income method	15,350 million yen	Estimated the value based on the capitalization method by treating equally the value calculated using the discounted cash flow method and the value calculated using the direct capitalization method and correlating these two values
Value based on direct capitalization method	15,550 million yen	
Operating revenue	983 million yen	
Effective gross revenue	1,014 million yen	Assessed the unit value level of rents, etc. that can be received stably over the medium to long term based on the average rent calculated on current lease agreements, level of rents in case when the subject property is newly leased, and qualities, etc. of the current lessees; and recorded the rental revenues based on the aforementioned and common area charges
Loss from vacancy	31 million yen	For each use, recorded by assuming an occupancy ratio level that will remain stably passable over the medium to long term from the occupancy status and the supply and demand trends of competing or alternative, etc. real estates with similar features in a comparable area within the same sphere of supply and demand, and past records and future prospects of the occupancy ratio level thus assumed
Operating expense	294 million yen	
Maintenance	125 million yen	Recorded the maintenance expenses in consideration of the individuality of the subject property, by reference to building management fees of similar properties
Utility cost	50 million yen	Recorded in consideration of occupancy rates of the rentable spaces, etc. based on the actual costs
Repair	5 million yen	Recorded based on management and operation plan and the level of repair cost of similar properties, and average annual repair and renewal costs as noted in the engineering report, by reference to the actual repair costs
Property management Fee	16 million yen	Recorded based on the rate of compensation of similar properties and taking into consideration compensation based on existing agreement conditions
Advertisement and other leasing cost	6 million yen	Recorded an annual average amount of expenses assessed based on the estimated tenant turnover period
Tax	84 million yen	Recorded based on materials about taxes and public dues, in consideration of measures to adjust tax burdens, etc.
Insurance	1 million yen	Assessed in consideration of premiums based on an insurance contract and insurance rates of similar properties, etc.
Other cost	4 million yen	Recorded costs for events and communication, etc.
Net operating income (NOI)	689 million yen	
Investment income of lump sum	7 million yen	Assessed with the investment yield set at 1.0%
Capital expenditure	13 million yen	Assessed based on the level of capital expenditure of similar properties, the building age, and average annual repair and

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			renewal costs as noted in the engineering report
	Net cash flow (NCF)	683 million yen	
	Cap rate	4.4%	Assessed by adjusting with spreads attributable to the property's location, characteristics of the building, and other terms and conditions, in consideration of prediction uncertainties and transaction yields for similar properties, etc.
	Value based on Discounted Cash Flow method	15,100 million yen	
	Discount rate	4.2%	Assessed by comprehensively taking into account characteristics unique to the property, etc., by reference to investment returns of similar properties, etc.
	Terminal cap rate	4.6%	Assessed by comprehensively taking into account upcoming changes in investment returns, risks associated with the property as an investment target, general prediction of economic growth rates, trends in real estate prices and rent rates and all other applicable factors, by reference to investment returns of similar properties, etc.
	Value based on cost method	13,450 million yen	
	Proportion of land	39.3%	
	Proportion of building	60.7%	
	Items applied to adjustments in valuation approach and the determination of the appraisal value		None

(Note) Indicates figures pertaining to the entire property on the appraisal report, however on this document, indicates figures equivalent to DHR's anticipated additional acquisition of 50% trust beneficiary quasi co-ownership interest, truncated to the nearest unit.

* DHR's website: <https://www.daiwahouse-reit.co.jp/en/>

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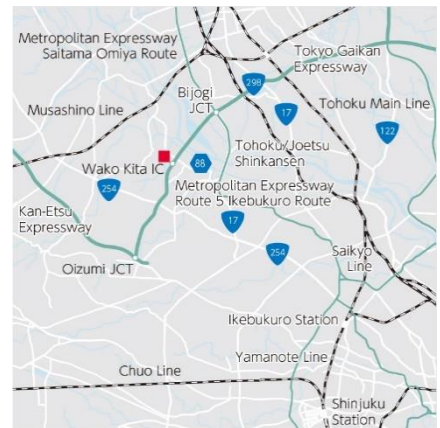
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1. Photograph, location map and environmental certification of the Anticipated Acquisitions

LM-006 DPL Nagareyama III

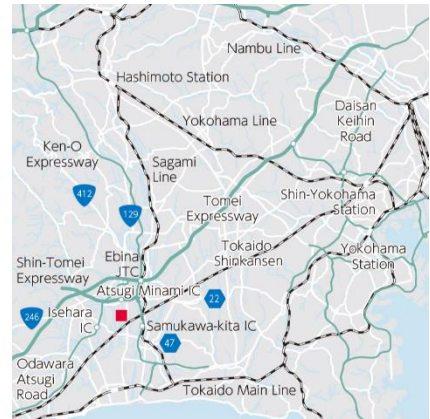


LB-065 D Project Wako A



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LB-066 D Project Hiratsuka



OT-006 GRANODE Hiroshima



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2. Portfolio status after the acquisition of the Anticipated Acquisitions and the disposition of trust beneficiary indicated in “Notice Concerning Disposition of Trust Beneficiary Interests in Domestic Real Estate” dated June 30, 2021.

Asset class	Number of properties	(Anticipated) acquisition price (million yen)	Investment ratio (Note)
Logistics properties	66 properties	470,121	52.6%
Residential properties	129 properties	239,623	26.8%
Retail properties	23 properties	123,219	13.8%
Hotel properties	5 properties	19,110	2.1%
Other assets	6 properties	41,660	4.7%
Portfolio Total	229 properties	893,733	100.0%

(Note) “Investment ratio” indicates the ratio of the (anticipated) acquisition price for each asset to the total (anticipated) acquisition price, rounded to the nearest tenth.

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