

Daiwa Office Investment Corporation

Daiwa Securities Living Investment Corporation

Daiwa Real Estate Asset Management Co.Ltd.



Daiwa Office Investment Corporation

Daiwa Securities Living Investment Corporation

Sustainability Report 2023

Asset Management Company
Daiwa Real Estate Asset Management Co. Ltd.

About this Sustainability Report

Reporting period

April 2022 – March 2023 (Specific ESG initiatives and statistics include historical data)

Reporting organization

Daiwa Office Investment Corporation
 Daiwa Securities Living Investment Corporation
 Daiwa Real Estate Asset Management Co. Ltd.

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Contact

Daiwa Real Estate Asset Management Co. Ltd.
 Department : Sustainability Promotion Office
 TEL : +81-3-6215-9500 (main number)

Disclaimer

This report contains forward-looking statements. These statements are based on judgments made in accordance with information available at the time of preparation of each material, and do not guarantee of future performance.

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Editorial Policy

This report is published to consolidate the sustainability-related information disclosed by Daiwa Office Investment Corporation, Daiwa Living Investment Corporation, and Daiwa Real Estate Asset Management Co. Ltd. The purpose of this report is to provide stakeholders with a deeper understanding of the company's approach and initiatives with respect to ESG issues. The following icons are displayed in the upper right corner of each page according to the content of each organization's report.

Daiwa Office Investment Corporation  (DOI)

Daiwa Securities Living Investment Corporation (DLI) 

Daiwa Real Estate Asset Management Co. Ltd. (DR) 

Top Message

DOI DLI DR

Building strong relationships of trust with customers, markets and society at large

Daiwa Real Estate Asset Management

remaining a pioneer constantly opening up frontiers in managing real estate and real assets



Daiwa Office Investment Corporation

Executive Director
Keiichi Sakai



Daiwa Securities Living Investment Corporation

Executive Director
Yoshio Urata



Daiwa Real Estate Asset Management Co. Ltd.

President and Representative Director
Yoshiki Nishigaki

Daiwa Real Estate Asset Management Co., Ltd. (hereinafter referred to as the "Asset Manager") established the "Sustainability Promotion Committee" in June 2021 to discuss important policies, measures, and approaches concerning sustainability, based on the recognition that focusing on ESG in asset management, such as environmental considerations, social contributions, and strengthening organizational governance, will contribute to improving corporate value of the investment corporation in the medium to long term. In June 2021, The Asset Manager established the "Sustainability Promotion Office" as a specialized department to promote the planning, formulation, and implementation of ESG and SDGs across the entire company in order to address various ESG-related issues. In March 2023, The Asset Manager expanded the sustainability elements of the "Policy on ESG" and formulated a new "Sustainability Policy" to systematically promote sustainability initiatives while taking into account the diversifying needs of stakeholders.

Daiwa Office Investment Corporation ("DOI") and Daiwa Living Investment Corporation ("DLI") continuously participate in the GRESB Real Estate Assessment and have obtained multiple environmental certifications and assessments from external organizations, while working to reduce environmental impact through energy conservation, reduction of greenhouse gas emissions, and effective use of limited resources such as water conservation. DOI and DLI are working to reduce environmental impact through energy conservation, reduction of greenhouse gas emissions, and effective use of limited resources such as water conservation. In addition, DOI and DLI aim to realize a sustainable society by building good relationships, partnerships, and collaboration with all stakeholders (unitholders, tenants, local communities, employees, etc.) related to the properties DOI and DLI own.

Each investment corporations used to issue sustainability reports individually, but starting from "Sustainability Report 2023", Sustainability-related information disclosed on the website, etc., by Daiwa Office Investment Corporation, Daiwa Living Investment Corporation, and Daiwa Real Estate Asset Management Co. Ltd. has been centrally integrated and reorganized the approach to ESG and the content of its initiatives. We hope that this report will deepen the understanding of investors and other stakeholders.

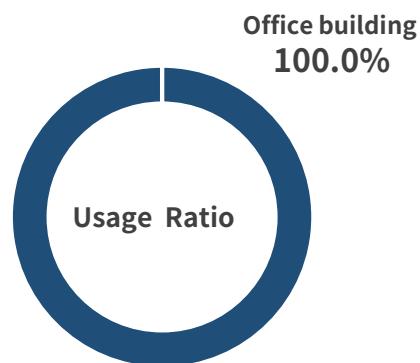
Overview of the Investment Corporations

DOI DLI

Daiwa Office Investment Corporation

Daiwa Office Investment Corporation is a REIT specializing in office properties in the five central wards of Tokyo. The sponsor is Daiwa Securities Group Inc. and Daiwa Office Investment Corporation manages its properties by maximizing the management resources of the Daiwa Securities Group, establishing a strict governance system, and conducting highly transparent management with an emphasis on compliance. With regard to the basic investment policy, the Investment Corporation will conduct investment management based on the characteristics of office buildings, carefully selecting regions, sizes, etc. We aim to maintain and improve distributions over the medium to long term through flexible management that responds to changes in real estate market conditions, securing stable cruising EPU in the future and sustainable growth of investment assets, and through replacement of properties to realize stable management and improve quality through urban locations.

<Type of assets under management>



Daiwa Office Investment Corporation

Securities Code **8976**

Office REIT
 Start of operation: 2009 (*)
 Number of properties : 58
 Asset size: 462.5 billion yen

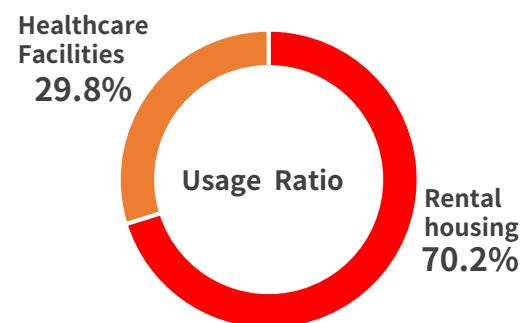


(As of March 31, 2023)

Daiwa Securities Living Investment Corporation

In April 2020, Daiwa Living Investment Corporation merged with Nippon Healthcare Investment Corporation (former NHI) and changed its name from Japan Rental Housing Investments Inc. to Daiwa Living Investment Corporation. With the addition of health care facilities to its portfolio, Daiwa Living has been managing rental housing and health care facilities with the aim of becoming a REIT that comprehensively provides comfortable living spaces based on the concept of "supporting the lives and livelihoods of all people" in accordance with their life stages. Ltd., We aim to maximize profits for our unitholders by leveraging in the support of our sponsor, Daiwa Securities Group Inc. and other Daiwa Securities Group companies.

<Type of assets under management>



Daiwa Securities Living Investment Corporation

Securities Code **8986**

Residential REIT
 Start of operation: 2014 (*)
 Number of properties : 248
 Asset size: 363.2 billion yen



(As of March 31, 2023)

※Commencement of management by Daiwa Securities Group affiliated investment management company.

Overview of the Asset Management Company

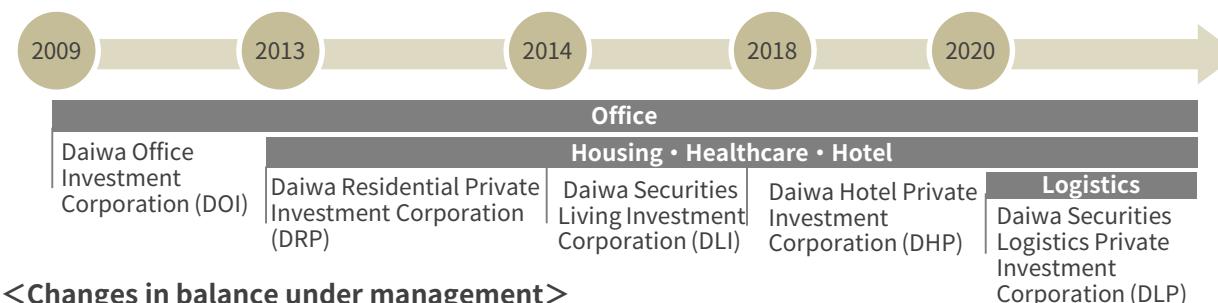
DR

Daiwa Real Estate Asset Management Co.Ltd.

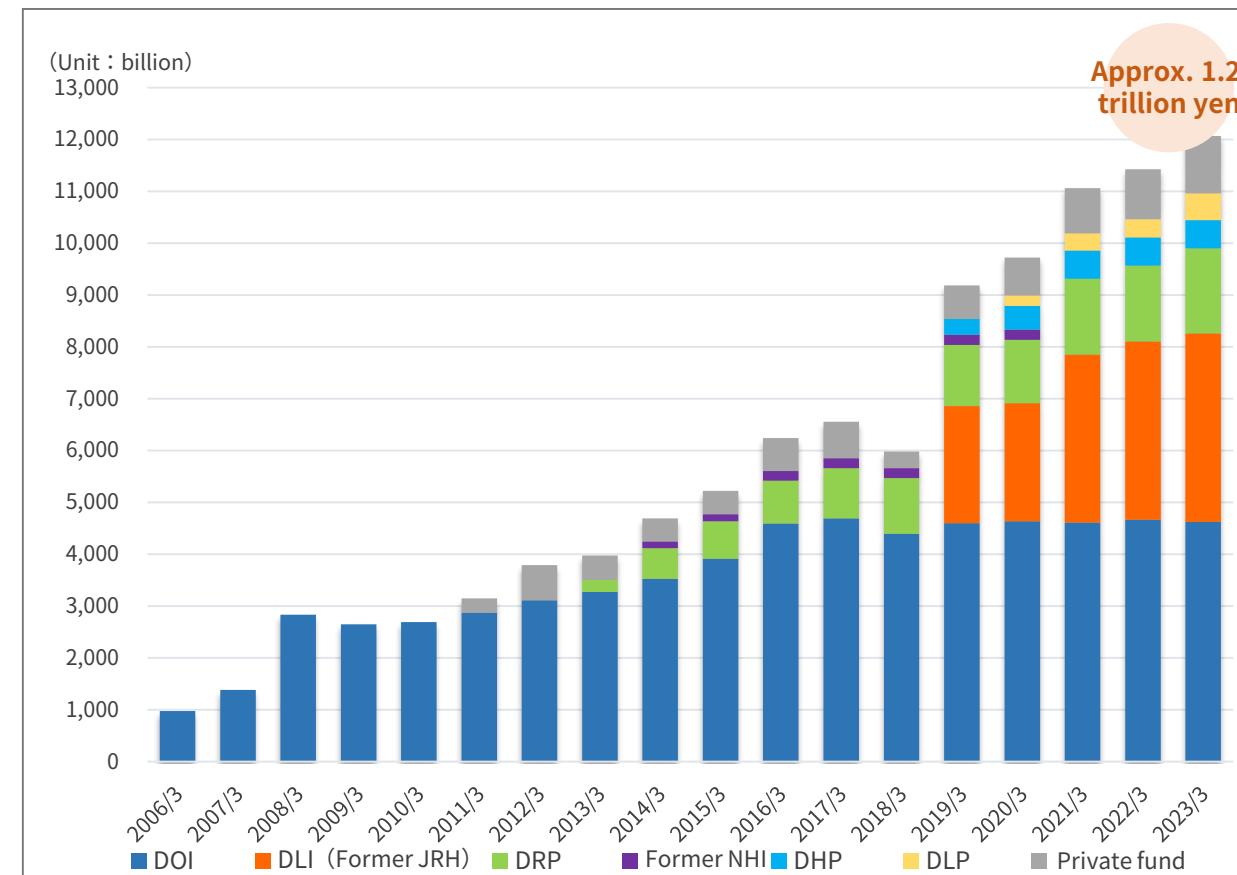
Daiwa Real Estate Asset Management Co., Ltd. is an asset management company established in October 2004 as K.K. daVinci Select. Subsequently, the Company became a wholly owned subsidiary of Daiwa Securities Group Inc. in 2009. In 2005, we began managing Daiwa Office Investment Corporation, a listed REIT specializing in office properties, and since then, we have expanded the scope of management to listed REITs and private REITs targeting residential, healthcare, hotel, and logistics facilities, as well as private funds such as solar private core funds, and as of March 31, 2023, the balance under management has grown to a scale exceeding approximately 1.2 trillion yen.

As a real estate asset management company in charge of the Daiwa Securities Group's real estate asset management business, the Asset Manager will strive to revitalize the real estate and financial markets and foster sound markets. In addition, the Asset Manager will build an ongoing relationship of trust with our clients by providing quality products that can be invested and managed with confidence over the long term.

<Transition of investment corporations under management>



<Changes in balance under management>



※The private funds AUM does not include certain cases, such as those of a structure where the Company is entrusted with asset management operations but the assets are managed and operated by a company other than the Company and the authority over asset disposition does not lie with the Company.

Sustainability Policy/Sustainability Promotion System

DR

The Daiwa Securities Group has set forth the Vision 2030 management vision, aiming to achieve the SDGs by creating a mechanism to circulate funds, under the core concept of "From savings to SDGs."

Daiwa Real Estate Asset Management Co. Ltd. (the "Asset Manager"), as a member of this Group, will incorporate ESG considerations into its asset management operations for alternative assets such as real estate. It has formulated the Sustainability Policy and will promote the following initiatives to enhance the medium- to long-term value of the investment corporations and funds for which it is entrusted with asset management.

Based on the Sustainability Policy set forth by the Asset Manager, the Investment Corporation will take actions for sustainability in order to achieve a sustainable society.

Sustainability Policy

<Initiatives for Environmental Management and Reduction of Environmental Impact>

1.Promoting Resource and Energy Conservation

We will continue to promote the reduction of greenhouse gas emissions in order to mitigate climate change and achieve our goal of a decarbonized society with net-zero emissions. In addition, we will strive to strengthen the resilience of managed properties against natural disasters.

2.Contributing to a Recycling-Oriented Society

We will work to reduce, reuse and recycle water, waste and other elements.

3.Considering Biodiversity and Working to Conserve Ecosystems

We will strive to manage our business in a way that is mindful of environmental protection, manage tree planting that is considerate of harmony with the surrounding environment and practice green procurement to reduce the environmental impact of society as a whole, including our entire supply chain.

<Initiatives for Social Issues>

4.Respecting Human Rights

We will further strengthen our human rights education and awareness efforts to further enhance our corporate culture, which is based on respect for human rights.

5.Cultivating Human Resources and Creating Rewarding Workplaces

We focus on human resource development, which is the source of our competitiveness, and are enhancing our training programs. In particular, we will strengthen support for professional talent, including assistance programs for acquiring qualifications.

6.Diversity, Equity and Inclusion

Through a high level of work-life balance facilitating success for diverse human resources, we will pursue harmony between our employees' professional and private lives, and aim to enhance workplace environments so that both men and women can enjoy diverse work styles, while taking into consideration the health and comfort of executives and employees.

7.Coexistence and Collaboration Throughout the Supply Chain

By building partnerships with our suppliers and business partners, we aim to deepen their understanding of our initiatives for the environment and society, and to target the creation of a sustainable society throughout our supply chain.

<Initiatives for Governance>

8.Establishing a Highly Transparent and Objective Corporate Governance Structure

We will maintain strict compliance with laws, regulations and internal rules, as well as ensure rigorous appropriate management of conflicts of interest and enhance our compliance system to increase the value of the investment corporations and funds.

9.Fair, Timely and Appropriate Disclosure of Material Information

We are committed to disclosing information in a fair, timely and appropriate manner to promote understanding of our company among all stakeholders, including investors, business partners and society at large, and to earn an appropriate assessment and level of trust from these.

We will also utilize external evaluations in the interest of transparency and comparability.

Policy/Sustainability Promotion System

Based on its "Sustainability Policy," the Asset Manager has formulated the "Regulations for Sustainability Promotion System" and established the "Sustainability Promotion Committee" for the purpose of continuous and systematic implementation of ESG-related initiatives. The Sustainability Promotion Office, established in June 2021, systematically promotes planning, formulation, and implementation of ESG and SDGs, and the Committee deliberates on the final target KPIs and specific initiatives, etc., and implements each measure.

(Sustainability Promotion Committee)

- President and Representative Director (Chief Executive Officer for Sustainability Promotion)
- Executive Managing Director
- General Managers of DOI Investment Management Dept., DLI Investment Management Dept., DRP Investment Management Dept., DHP Investment Management Dept., DLP Investment Management Dept., and Private Fund Management Dept. (Chief Sustainability Officers)
- Head of Sustainable Promotion Office
- Compliance Officer
- Others who are appointed by the Chief Executive Officer

(Contents of deliberation/reports, frequency, consideration process)

The Sustainability Promotion Committee is held regularly (once a month, in principle) in order to realize the policy and targets for sustainability. The committee deliberates matters such as management policies on sustainability, target setting, and their revision and abolition, and reports on the progress of the targets, etc.

Establishment of Sustainability Promotion Policy

To enhance the effectiveness of our sustainability activities, we have established (1) Energy Conservation Policy, (2) Greenhouse Gas Emissions Reduction Policy, (3) Water Saving Policy, and (4) Sustainable Procurement Policy, Climate Change and Resilience Policy, EMS Operation Manual, and a cooperative framework with each of our stakeholders.

Sustainability Education and Awareness Activities

Sustainability education and awareness-raising activities are conducted for all officers and employees of the Asset Management Company (including temporary employees). Sustainability training is conducted by external lecturers approximately once a year for all officers and employees of the Asset Management Company (including temporary employees).

Year	Training Theme	Training Attendance rate
FY2021	TCFD -Climate Change Response and Disclosure	100.0%
FY2022	Overview of ESG and trends in ESG in the real estate investment industry Trends in DEI (Diversity, Equity & Inclusion)	100.0%

<Reference: Daiwa Securities Group Management Vision "Vision 2030">

Daiwa Securities Group has formulated "Vision 2030" as its vision for the year 2030. The Daiwa Securities Group has established the following materialities individually and formulated a strategy for the first three years to achieve them as the new medium-term management plan "Passion for the Best" 2023.

The plan is entitled "Passion for the Best" 2023, which sets out strategies for the first three years to achieve the following material.



Climate Change Initiatives①



Our Approach to Climate Change

The world has been accelerating the transition to a carbon-neutral society. This trend is found in the global long-term goal set in the Paris Agreement, an international framework since 2020 to address global warming. The goal in the agreement is to hold the increase in the global average temperature to well below 2°C above pre-industrial levels and pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels, and Japan has declared its intention to achieve carbon neutrality by 2050.

The Investment Corporation and the Asset Manager view climate change as an important issue that changes the natural environment and social structures dramatically and has a significant impact on real estate management. Contribution to the achievement of a carbon-neutral society is considered as a social mission.

In accordance with the TCFD recommendations, we will identify and analyze risks and opportunities related to climate change and proceed with step-by-step disclosure of information related to climate change. We will continuously work to reduce the environmental impact of business activities as we understand social needs and expectations for us through active dialogue with external stakeholders.

Support for TCFD Recommendations

The Task Force on Climate-related Financial Disclosures (TCFD) is an international initiative established by the Financial Stability Board (FSB), at the request of the G20. The purpose of the TCFD is to discuss disclosure of climate-related financial information and the responses by financial institutions.

To clarify the policy and system for addressing climate-related issues and expand the disclosure of information about relevant initiatives, the Asset Manager established the Climate Change and Resilience Policy and announced its support for the TCFD recommendations in December 2021. In January 2022, the Asset Manager joined the TCFD Consortium, a group of domestic companies that support the TCFD recommendations.



<1. Governance>

The Asset Manager has established the Climate Change and Resilience Policy, the policy for responding to risks and opportunities related to climate change and working to make business and strategy resilient to climate-related issues.

In accordance with the policy, Chief Climate-Related Issues Officers (general managers of departments engaged in sustainability promotion) make regular reports to the Chief Executive Officer for Climate-Related Issues (President and Representative Director) at Sustainability Promotion Committee meetings. The reports cover matters related to responses to climate change, including identification and evaluation of impacts of climate change, management of risks and opportunities, progress of initiatives for adaptation and mitigation, and indicator and target setting. The Sustainability Promotion Committee deliberates and discusses issues related to climate change, after which the Chief Executive Officer for Climate-Related Issues makes final decisions. Under this system, climate-related issues are supervised by the President and Representative Director.

<2. Strategy>

To factor climate-related risks and opportunities into the Investment Corporation's real estate management business, the Asset Manager conducted a scenario analysis of the Investment Corporation's portfolio. The Asset Manager referred to climate outlooks published by international organizations and other entities, in order to identify risks and opportunities of climate change brought to the Investment Corporation and assess financial impacts on the Investment Corporation's business. Using a 1.5°C/2°C scenario and a 4°C scenario, a qualitative analysis was conducted as described below.

(Target of Analysis and Prerequisites)

Target: All properties owned by the Investment Corporation

Scope: Overall real estate investment and management business

Target period: From 2022 to 2050, with short-term, medium-term, and long-term timeframes

(Short term: 2022-2025, Medium term: 2026-2030, Long term: 2031-2050)

(Analysis Procedure)

- ① In accordance with the TCFD framework, the Asset Manager discussed climate-related risks and opportunities and identified factors that may have a significant impact on the Investment Corporation's business domain.
- ② Concerning the risks and opportunities identified in ①, the Asset Manager summarized and grasped what the world would look like under the 1.5°C/2°C and 4°C scenarios, based on the parameters (forecasts) of the adopted scenarios.
- ③ Based on the forecasts in ②, the Asset Manager conducted a qualitative analysis for the Investment Corporation, calculated financial impacts in the scenario analysis, and worked out countermeasures.

	1.5°C/2°C scenario	4°C scenario
Transition Risks	IEA World Energy Outlook2020 NZE2050	IEA World Energy Outlook2020 STEPS
Physical Risks	EA World Energy Outlook 2020 STEPS	IPCC Fifth Assessment Report RCP8.5

(Expected Future in Each Scenario)

[4°C Scenario]

The 4°C scenario forecasts a future where greenhouse gas emissions are on an increasing trend due to insufficient climate change mitigation, without new regulations, taxation, or other measures to achieve a carbon-neutral society. The scenario involves high relative physical risks from climate disasters and low transition risks.

Government	Tenants	Investors	Financial Institutions	Climate/Weather
Stricter legal regulations related to resilience	Increased needs for measures against storm and flood damage, heatstroke, etc.	Higher importance of physical risk assessment in making investment decisions	Increased needs for physical risk assessment in making lending decisions	Intensifying storm and flood damage and increased natural disasters due to rising temperatures, etc.

[1.5°C/2°C Scenario]

The 1.5°C/2°C scenario forecasts a future where greenhouse gas emissions are on a decreasing trend, with the advancement of social policy, emission regulations, technology investment, and other measures to achieve a carbon-neutral society. The scenario involves low relative physical risks from climate disasters and high transition risks.

Government	Tenants	Investors	Financial Institutions	Climate/Weather
Stricter regulations against GHG emissions due to an introduction of carbon tax	Increased needs for environmental performance	Increased needs for the assessment of compliance with environmental regulations and environmental certifications in making investment decisions	Increased needs for the assessment of compliance with environmental regulations and environmental certifications in making lending decisions	A certain degree of advancement of chronic climate change, such as increased storm and flood damage

Climate Change Initiatives②



(Financial Impacts in the Scenario Analysis)

For each scenario, the Asset Manager classified the financial impacts of identified risks and opportunities into short-term, medium-term and long-term impacts and examined relative scales of impacts on the Investment Corporation. Shown below are medium-term and long-term risks from climate change that have a certain degree of financial impacts.

1. Transition risks: Policy and legal risks, technology risk, market risk, and reputation risk
2. Acute physical risks: Event-driven climate risks, including typhoons and floods
3. Chronic physical risks: Climate risks caused by long-term shifts in climate patterns, including sustained higher temperatures and sea level rise

Financial Impacts in the Scenario Analysis (DOI)

Classification	Risk and Opportunity Factors in Real Estate Management	Potential Financial Impacts	Category	Financial Impacts				Countermeasures	
				4°C		1.5°C/2°C			
				Mid Term	Long Term	Mid Term	Long Term		
Transition Risks and Opportunities	Policy and Legal	Stricter regulations against GHG emissions due to an introduction of carbon tax	Risk	Small	Small	Medium	Large	<ul style="list-style-type: none"> - Introduction of energy management systems and renewable energy - Planned reduction of energy consumption/GHG emissions at portfolio properties - Improvement in GHG emissions through strategic replacement/renovation of properties - Increase in environmental certification acquisition rates - Introduction of cutting-edge technologies - Planned renovation works - Promotion of transition to power derived from renewable energy - Increase in environmental certification acquisition rates - Promotion of transition to power derived from renewable energy - Sufficient information disclosure about portfolio properties' environmental performance - Appropriate disclosure of ESG-related information, including that on climate change - Higher ratings in ESG assessments by external institution - Reduction of financing costs through the use of sustainability finance - Appropriate disclosure of ESG-related information, including that on climate change - Stronger stakeholder engagement in the ESG area - Continuous improvement of environmental performance/Continuous acquisition of environmental certifications - Risk comprehension using hazard maps, etc. - Portfolio of highly resilient properties - Upgrading of facilities to install high-efficiency air conditioning systems, introduction of energy management systems - Implement energy saving initiatives in corporation with tenants, including green leases - Enhancement of BCP measures - Promotion of greening at portfolio properties 	
		Stricter energy-saving standards, obligation to report emissions	Risk	Small	Small	Large	Large		
		Enhanced competitiveness of properties that comply with legal regulations	Opportunity	Small	Small	Medium	Medium		
	Technology	Advancement and spread of energy-saving and renewable energy technologies	- Increased renovation costs due to the introduction of new technologies	Risk	Small	Small	Large		Large
			- Decreased utility bills thanks to better energy-saving performance	Opportunity	Small	Small	Medium		Medium
	Market	Fluctuations in properties' asset value depending on environmental performance	- Fluctuations in portfolio properties' asset value depending on environmental certification acquisition rates	Risk	Small	Small	Large		Large
			- Fluctuations in rent income depending on the proportion of portfolio properties with high environmental performance	Opportunity	Small	Small	Medium		Medium
			- Decreased utility bills thanks to better energy-saving performance						
	Reputation	Changes in the stances of investors/lenders/tenants on investment and lending	- Fluctuations in reputation from ESG-conscious investors and lenders	Risk	Small	Small	Large		Large
			- Fluctuations in ESG-conscious tenants' demand for moving in and out - Better/Worse terms and conditions in financing from financial institutions, etc.	Opportunity	Small	Small	Medium		Medium
Reputation	Decline in reputation from investors and customers	- Decreased investment unit prices/Lower ESG ratings	Risk	Small	Small	Medium	Large		
		- Decreased profitability of properties with low environmental performance/resilience							
Physical Risks	Acute	Increased loss due to intensifying storm and flood damage	Risk	Small	Medium	Small	Small		
	Chronic	Increased damage from rise in average temperature/sea level	Risk	Small	Small	Small	Small		

<3. Risk Management>

The Investment Corporation's Climate Change and Resilience Policy sets out processes to identify, assess, and manage the impacts of climate change risks and opportunities on the corporation's management activities, strategies, financial plans, etc.

- Chief Climate-Related Issues Officers summarize climate-related risks and opportunities and report the progress to the Sustainability Promotion Committee, in principle, once a year.
- The Sustainability Promotion Committee continuously identifies, assesses, and manages climate change risks and opportunities that are important to the business and financial plans and affect the asset management operations of the Investment Corporation. Based on the above reports, the committee prioritizes issues of strategic importance to the business.
- The Chief Executive Officer for Climate-Related Issues instructs to factor important climate-related risks with high priority, which have been deliberated by the Sustainability Promotion Committee, into the existing company-wide risk management program. The risk identification, assessment, and management processes are thus integrated.

Climate Change Initiatives③

DOI DLI DR

Financial Impacts in the Scenario Analysis(DLI)

Cficalassition	Risk and Opportunity Factors in Real Estate Management	Potential Financial Impacts	Category	Financial Impacts				Countermeasures	
				4°C		1.5°C/2°C			
				Mid Term	Long Term	Mid Term	Long Term		
Transition Risks and Opportunities	Policy and Legal	Stricter regulations against GHG emissions due to an introduction of carbon tax	Risk	Small	Small	Medium	Medium	- Introduction of energy management systems and renewable energy - Planned reduction of energy consumption/GHG emissions at portfolio properties - Improvement in GHG emissions through strategic replacement/renovation of properties - Increase in environmental certification acquisition rates - Introduction of cutting-edge technologies - Planned renovation works - Promotion of transition to power derived from renewable energy - Increase in environmental certification acquisition rates - Promotion of transition to power derived from renewable energy - Sufficient information disclosure about portfolio properties' environmental performance - Appropriate disclosure of ESG related information, including that on climate change - Higher ratings in ESG assessments by external institution - Reduction of financing costs through the use of sustainability finance - Appropriate disclosure of ESG related information, including that on climate change - Stronger stakeholder engagement in the ESG area - Continuous improvement of environmental performance/ Continuous acquisition of environmental certifications	
		Stricter energy-saving standards, obligation to report emissions	Risk	Small	Small	Medium	Medium		
		Enhanced competitiveness of properties that comply with legal regulations	Opportunity	Small	Small	Small	Medium		
	Technology	Advancement and spread of energy-saving and renewable energy technologies	- Increased renovation costs due to the introduction of new technologies	Risk	Small	Small	Medium		Medium
			- Decreased utility bills thanks to better energy-saving performance	Opportunity	Small	Small	Medium		Medium
	Market	Fluctuations in properties' asset value depending on environmental performance	- Fluctuations in portfolio properties' asset value depending on environmental certification acquisition rates	Risk	Small	Small	Medium		Medium
			- Fluctuations in rent income depending on the proportion of portfolio properties with high environmental performance	Opportunity	Small	Small	Small		Medium
		Changes in the stances of investors/lenders/tenants on investment and lending	-Fluctuations in reputation from ESG conscious investors and lenders - Fluctuations in ESG conscious tenants' demand for moving in and out - Better/Worse terms and conditions in financing from financial institutions, etc.	Risk	Small	Small	Medium		Medium
	Reputation	Decline in reputation from investors and customers	- Decreased investment unit prices/Lower ESG ratings - Decreased profitability of properties with low environmental performance/resilience	Risk	Small	Small	Medium		Medium
Physical Risks	Acute	Increased loss due to intensifying storm and flood damage	Risk	Medium	Medium	Small	Small		
	Chronic	Increased damage from rise in average temperature/sea level	Risk	Small	Small	Small	Small		

<4. Indicators and Targets>

Each Investment Corporations sees the transition to a carbon-neutral society as an opportunity. The following target KPIs(Key Performance Indicators)have been established as key monitoring indicators in the process of managing climate change risks and opportunities.

(DOI)

KPI	
Reduction of CO2 emissions	Mid-term target (FY2030) : Reduction of 46% in CO2 emissions on an intensity basis across the portfolio by FY2030 (compared with FY2013)
	Long-term target (FY2050) : Achieved carbon neutrality in CO2 emissions on an intensity basis across the portfolio by FY 2050.

(DLI)

KPI	
Percentage of environmental certifications acquired	Mid-term target
	Achieve an environmental certification ratio of at least 20.0% for the entire portfolio

Environmental Targets and Performance

DOI DLI

Environmental Performance Results

(DOI)

Item	Unit	Actual reduction				
		FY2019 [base year]	FY2020	FY2021	FY2022	Rate of change
Energy	Consumption (MWh)	104,219	91,237	87,245	83,902	-19.49%
	Consumption intensity (MWh/m ²)	0.207	0.181	0.178	0.173	-16.43%
CO ₂	Emission (t-CO ₂)	44,771	38,250	37,063	34,589	-22.74%
	Emission intensity (t-CO ₂ /m ²)	0.089	0.076	0.076	0.071	-20.22%
Water	Consumption (m ³)	396,297	290,167	284,367	296,251	-25.25%
	Consumption intensity (m ³ /m ²)	0.787	0.575	0.580	0.610	-22.49%
Waste	Consumption (t)	4,388	3,594	3,373	3,478	—
	Amount of recycled waste (t)	2,502	2,092	1,862	1,865	—
	Recycling rate (%)	57.02	58.20	55.21	53.63	—

(DLI)

Rental housing

Item	Unit	Actual reduction				
		FY2017 [base year]	FY2020	FY2021	FY2022	Rate of change
Energy	Consumption (MWh)	12,029	8,312	8,382	8,687	-27.78%
	Consumption intensity (MWh/m ²)	0.141	0.110	0.109	0.109	-22.70%
CO ₂	Emission (t-CO ₂)	5,324	3,768	3,387	3,611	-32.18%
	Emission intensity (t-CO ₂ /m ²)	0.063	0.050	0.044	0.045	-28.57%
Water	Consumption (m ³)	257,672	201,101	205,445	194,337	-24.58%
	Consumption intensity (m ³ /m ²)	1.780	1.725	1.678	1.572	-11.69%

Healthcare

Item	Unit	Actual reduction		
		FY2021	FY2022	Rate of change
Energy	Consumption (MWh)	46,728	48,780	4.39%
	Consumption intensity (MWh/m ²)	0.236	0.232	-1.69%
CO ₂	Emission (t-CO ₂)	16,238	17,372	6.98%
	Emission intensity (t-CO ₂ /m ²)	0.082	0.081	-1.22%
Water	Consumption (m ³)	462,413	487,258	5.37%
	Consumption intensity (m ³ /m ²)	2.33	2.26	-3.00%

※ DOI sets the base year as FY 2019 and DLI sets the base year for rental housing as FY 2017. For aggregation of each environmental performance data, please refer to each Investment Corporation's website for details on the methodology.

※ DOI and DLI have no history of using renewable energy

Reduction target

(DOI)

Item	short-term target	Middle · Long-term target
Energy	Average 1% reduction per year	Reduce by 5% over the 5-year base year
CO ₂	—	46% reduction by FY2030 (compared to FY 2013) Achieve carbon neutrality by FY2050
Water	maintainance of the status quo	maintainance of the status quo

(DLI)

Rental housing / Healthcare

Item	short-term target	Middle · Long-term target
Energy	Average 1% reduction per year	8% reduction by FY2030 (compared to FY 2022)
CO ₂	—	20% reduction by FY2030 (compared to FY 2022)
Water	maintainance of the status quo	maintainance of the status quo

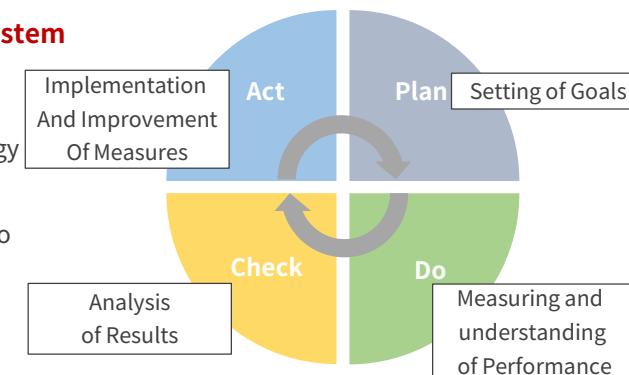
※ In July 2023, DLI set the above new reduction targets (energy consumption, CO2 emissions, and water consumption).

Third-party review (verification) of the environmental performance data

SOMPO Risk Management, a third-party organization, conducted third-party evaluation (verification) of DOI/DLI environmental performance data (energy consumption, GHG emissions (Scope 1 and 2), water consumption, and waste output) of FY 2021 and FY 2022 for the entire portfolio. To ensure the reliability of the reported figures.

Construction of Environmental Management System

In order to pursue energy-saving, CO2 emissions reduction, and efficient use of water resources, each Investment Corporations has established an environmental management system. Focusing on energy consumption, CO2 emissions, and water usage, it sets targets, tracks performance, manages budgets, and executes countermeasures (PDCA cycle), contributing to the realization of a sustainable society through the reduction of its environmental footprint.



Study for Eco Action 21 certification (DOI)

DOI is currently studying the possibility of acquiring Eco Action 21 certification in FY2023. In addition to our internal environmental management system, we are planning to continuously promote the PDCA cycle for environmental management while meeting the requirements of Eco Action 21, and are aiming to ensure transparency of information and revitalize the organization in environmental management through the publication of environmental management reports.

Eco Action 21

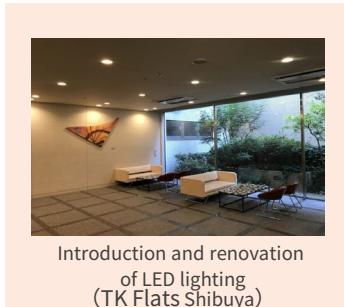
Eco Action 21 is a system in which a third-party organization certifies and registers businesses that appropriately implement environmental initiatives, establish, operate, and maintain a system for environmental management, and conduct environmental communication based on the "Eco Action 21 Guidelines" established by the Ministry of the Environment.

Implementing Eco-Friendly Initiatives via Real Estate Investment



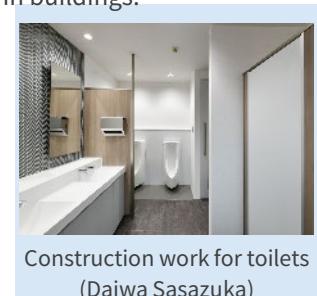
Introduction and Upgrading of LED Lighting/Introduction of High-Efficiency Heat Source Equipment

Each Investment corporation is progressively installing LED lighting (LED lighting and lighting equipment with human sensors) in the private and common areas of the properties they own. In addition, installing high-efficiency heat source equipment with excellent energy efficiency and refurbishing air-conditioning equipment with high energy-saving performance at the time of renewal of heat source equipment, air-conditioning equipment, etc.



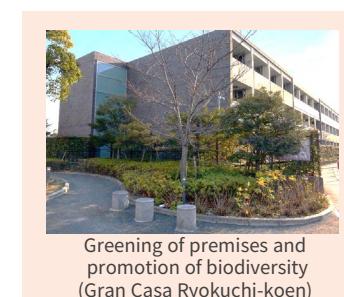
Introduction and Upgrading of Water-Efficient Equipment

Each Investment corporation is improving water conservation through measures such as upgrading to sanitary equipment with excellent water-saving performance and using rainwater and reclaimed water for general service water in buildings.



Promoting Greening of Walls and Rooftops/Conserving Biodiversity

Each Investment corporation implements rooftop greening/wall greening in the properties they own. The rooftop garden is designed to preserve the diversity of vegetation by using many plants that are native to the area and by implementing a planting plan that takes the ecological network into consideration. In Gran Casa Ryokuchi-koen, which is owned by DLI, a self-managed park has been established, and the planting management aiming to improve the quality of biodiversity has been evaluated. The park has received JHEP certification (rank A) in recognition of its self-managed park and planting management that aims to improve the quality of biodiversity.



JHEP certification

JHEP certification is the only certification system in Japan that enables objective and quantitative evaluation, certification, and visualization of contributions to biodiversity conservation, and is a voluntary system developed and operated by the Japan Ecosystem Society.



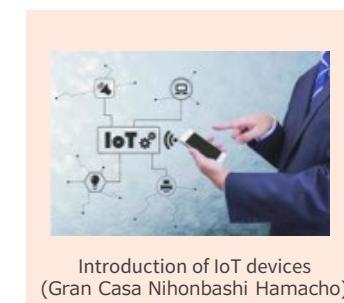
Use of Natural Energy

DOI has installed solar-powered street lights on the site of Daiwa River Gate, taking advantage of its location alongside the Sumida River, where the wind blows strongly and sufficient sunlight can be secured. DLI has installed solar power generation equipment on the rooftops of its healthcare facilities and is working to cover the electricity used at its properties through the use of renewable energy.



Use of IoT Technology

DOI has introduced "Whiz," a sterilized cleaning robot, to its properties for cleaning work, and is working to reduce the manpower shortage of cleaning staff and to reduce power consumption by improving work efficiency. DLI has introduced "IoT devices" in some of its rental apartments as part of its leasing strategy to enable tenants to live comfortably and reduce wasteful power consumption by remotely/voice-controlling lighting, furniture, etc. via smartphones.

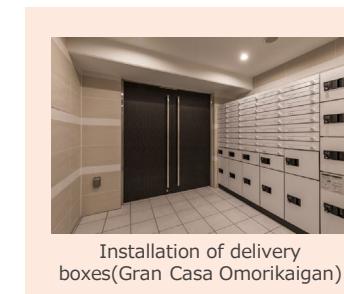
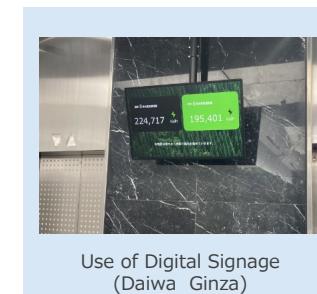


Use of Digital Signage

Each Investment corporation has installed digital signage in common areas to educate tenants and residents about energy reduction at the properties they own, and is using the information to raise awareness about energy consumption reduction, emergency evacuation sites, etc.

Promote installation of delivery boxes in rental housing(DLI)

DLI has installed delivery boxes and introduced a left-behind delivery service in some of the rental housing units it owns. DLI aims to maintain and increase the installation ratio, as this will not only improve convenience for residents, but also help solve problems such as reducing the re-delivery rate by delivery companies and reducing CO2 emissions. As of the end of March 2023, the installation ratio was approximately 86% (excluding 13 properties such as single-building rental properties and condominium-owned properties from the target properties).



Collaboration with Stakeholders / Urban Development Initiatives

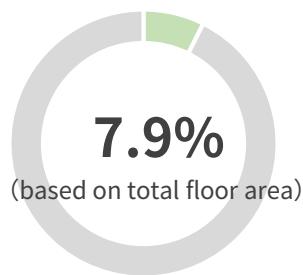


Supply Chain Management

Each Investment corporation has formulated a "Sustainable Procurement Policy" to promote environmental and social initiatives in the supply chain. In addition to facility operation and management, lease operation and management, and leasing, we also take into consideration the status of sustainability initiatives and other factors. We are working to resolve environmental preservation and social issues through cooperation with various partners.

Promoting Green Leasing

(DOI)
As of the end of November 2022, DOI has concluded green lease contracts for 7.9% of its entire portfolio (based on total floor area). Shinjuku Maynds Tower is working with tenants to promote the installation of LED lighting fixtures and energy reduction and energy reduction in Shinjuku Maynds Tower.



(DLI)
As of March 31, 2023, DLI had green lease agreements in 41.3% of its entire portfolio (based on total floor area). In its rental housing, DLI has added sustainability clauses to lease agreements for new contracts since FY2017, and is working with tenants to reduce electricity, gas, and water consumption and promote recycling.

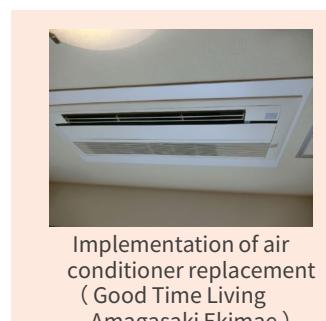
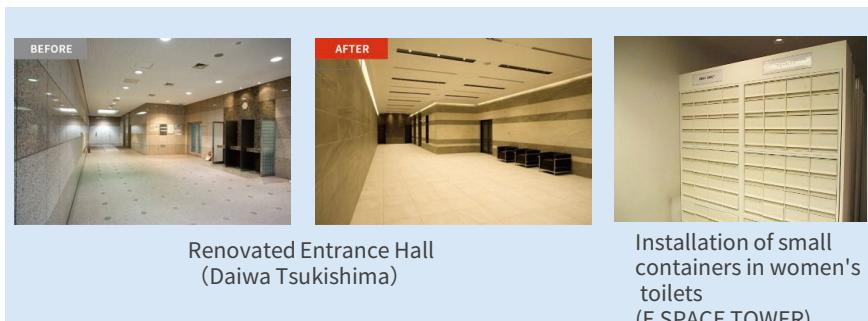


Distribution of Sustainability Guides

Each Investment corporation has been distributing and posting the Sustainability Guide to tenants and residents of the properties they own since 2023. The guide includes the Asset Manager's sustainability policy and examples of specific sustainability initiatives that can be easily put into practice, and is used to raise awareness of the need to combat global warming and achieve the SDGs.

Conduct tenant satisfaction surveys

Each Investment corporation conducts a tenant satisfaction survey for tenants of owned properties (DOI: for all properties owned, DLI: for operators of healthcare facilities only) on a regular basis (in principle, at least once every three years).
By sharing the results of this survey (requests, issues, from tenants.) with the property management company, etc. and utilizing them to improve the operation and management of the property, we aim to improve tenant satisfaction.



Investment in urban redevelopment/development projects(DOI)

DOI has been engaged in the urban development business of acquiring development sites and developing office buildings, with "Nihonbashi Bakurocho 1-chome Development Project" (completed in November 2022) and "Kandasudacho 2-chome Development Project" (scheduled for completion in June 2024) as examples. Both of these projects are contributing to the strengthening of disaster prevention functions in the area by replacing multiple aging buildings with a single building. Nihonbashi Bakurocho 1-chome Development Project is contributing to the revitalization of the area by creating a mixed-use building with not only office space but also retail space on the lower floor. In Kandasudacho 2-chome Development Project, we are working on urban development and urban redevelopment while taking the environment into consideration, such as by creating open green spaces.



The Nihonbashi Bakurocho 1-chome Development Project
(Current Daiwa Nihonbashi Bakurocho Building)



Kandasudacho 2-chome Development Project
(Daiwa Akihabara (planned))

Investment in mixed/multi-use property

Each Investment corporation owns mixed-use properties (DOI: Shinjuku Maynds Tower, E SPACE Tower, etc.; DLI: AIP Kachidoki Ekimae Building, etc.). They include commercial facilities such as convenience stores and restaurants, and medical facilities such as clinics and nursing homes, etc. Through investment in mixed-use properties, they contribute to improving living convenience for office workers and neighborhood residents and revitalizing local communities.

Environmental risk assessment at the time of property acquisition

In acquiring real estate, each Investment corporation obtains real estate appraisal reports and engineering reports, in addition to on-site inspections and disclosed materials from the seller, and conducts surveys related to hazardous substance content in the building, soil contamination status, etc.

Commitments for undeveloped sites

Considering the impact of development activities on the target site and the surrounding natural environment and ecosystems, DOI aims to make buildings in each development project capable of obtaining environmental certification in principle. The Nihonbashi Bakurocho 1-chome Development Project received a 3-star BELS certification in November 2022, and the Kanda-Sudacho 2-chome Development Project has adopted a design with excellent energy-saving performance, with primary energy consumption less than 60% of that of a conventional building, which reduces the burden on tenants' utility costs. The Kanda-Sudacho 2-chome Development Project is aiming to become the first building in DOI's portfolio to acquire ZEB Oriented certification.

ZEB

ZEB (Net Zero Energy Building) is a building that aims to reduce energy consumption in the building to zero while achieving a comfortable indoor environment. The BELS rating system is based on four levels: ZEB, Nearly ZEB, ZEB Ready, and ZEB Oriented.



Initiatives for Tenants and Local Communities

DOI DLI DR

Initiatives for Local Communities

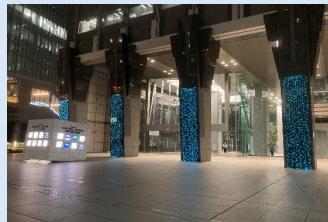
Each Investment corporation makes the following efforts to contribute to the improvement of convenience in social life and reduction of environmental burdens for tenant employees, residents, and local residents.

DOI has opened kitchen cars on the premises of its properties to improve the satisfaction of office workers and neighborhood residents and to create a lively atmosphere in the outer gutter space during lunch time. In addition, in order to revitalize the area surrounding the properties, DOI is contributing to the sustainable development of the local community through participation in local events hosted by the Town Development Council and private organizations.

DLI is working toward the installation of Amazon delivery lockers in some of its rental units. In addition, DLI has introduced a Unitholder Benefit Program as an opportunity for unitholders to experience the high quality management capabilities and services provided by operators of healthcare facilities.



Attracted kitchen cars
(Daiwa Nakano-Sakaue)



Holding of Shinjuku Minamilumi
(Shinjuku Maynds Tower)



Cooperation for events held in the
Yokohama Portside area
(CONCURRED Yokohama)



Installation of electric
kickboards
(Park Terrace Ebisu)



Installation of Amazon Delivery Lockers
(Aira no mori Higashi-Ofuna)



Introduction of unitholder
special benefit plan

Charity Activities

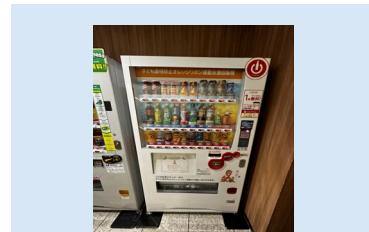
The Asset Manager has also introduced "Jeans Day," which Daiwa Securities Group Inc. has been working on. Every Friday, employees come to work in light clothing such as polo shirts and jeans to raise funds for charities such as medical assistance and self-help for children. In addition, the Asset Manager displays artwork by people with disabilities in its meeting rooms and hallways to support their participation in society through art activities and donates surplus calendars and notebooks. Through the installation of donation-type vending machines in the properties it owns, DOI supports activities to donate a portion of the proceeds to NPOs and other organizations that provide pediatric medical support and child abuse prevention activities.



Outsider Art Exhibit
(Reception desk of the Asset
Management Company)



Implementation of Jeans Day



Installation of donation-type
vending machines
(DaiwaTsukishima)

Disaster Prevention Initiatives

Each Investment corporation formulates BCP measures for the properties it owns to ensure the safety of tenants, employees, and facility users in the event of an emergency disaster, and to ensure the continuation of important business operations. In cooperation with property management companies and building management companies, we distribute disaster and crime prevention handbooks to tenants when they move in, post evacuation routes on digital signage in common areas, and conduct regular disaster drills. In addition, for those properties where we are able to install such equipment, we have installed AEDs, disaster relief vending machines, and emergency supply storage boxes in the EVs.



Installation of disaster
prevention stockpile



Installation of EV
emergency supply
storage boxes



Conduct disaster drills
(Shinjuku Maynds Tower)

Initiatives for Investors

Each Investment corporation strives to actively disclose information and fulfill its accountability to all stakeholders through IR activities and other means. To promote understanding of each investment corporation's operating conditions, we hold individual meetings with domestic and foreign institutional investors and participate in seminars for individual investors.

	Year held	No. of Domestic investors	No. of Foreign investors	No. of Seminar held
DOI	FY2021	116	54	3
	FY2022	133	52	2
DLI	FY2021	146	30	2
	FY2022	146	34	3

Initiatives for an Aging Society / introduction of nursing care DX (DLI)

DLI is currently the largest healthcare facility investment by a J-REIT, and aims to solve the social issue of the aging society that Japan is facing. At healthcare facilities owned by DLI, operators have introduced Nursing Care DX to improve the comfort of residents and increase the work efficiency and reduce the workload of nursing care staff.



Good Time Living "Care-wing
Facility version"



HITOWA Care Service "LIFELENS"



AS PARTNERS "EGAO link"

Initiatives for Human Rights and Promotion of DEI

DR

Formulation of Daiwa Securities Group Human Rights Policy

The Daiwa Securities Group's corporate philosophy states that "the Group will strive to maintain a high sense of morality and duty, endeavoring to continue contributing to the sustainable growth of the societies in which we operate". In October 2022, to further improve a corporate culture rooted in the basic principles of respect for human rights, and to promote efforts for the respect of the human rights in accordance with international standards, it has established this Human Rights Policy.

Daiwa Securities Group Human Rights Policy

1. Respect for International Standards

Daiwa Securities Group supports and respects international standards on human rights, such as the International Bill of Human Rights (consisting of the Universal Declaration of Human Rights and the International Covenants), the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, the OECD Guidelines for Multinational Enterprises, ISO 26000, and Children's Rights and Business Principles. We also endorse the Ten Principles of the UN Global Compact as a signatory to the UN Global Compact.

2. Scope of Application

This Policy applies to all companies, officers, and employees within Daiwa Securities Group. We also expect all stakeholders, such as customers and suppliers, to respect human rights.

3. Prohibition of Human Rights Violations

Daiwa Securities Group provides an equitable and safe working environment that values people, and is considerate of the human rights of all stakeholders. We do not tolerate discrimination based on race, nationality, birthplace, creed, religion, politics, biological sex, sexual orientation, gender identity, social status, physical characteristics, or disability, or human rights violations such as sexual harassment, power harassment, or other acts of harassment in any aspect of our work. Furthermore, we do not tolerate unfair labor, such as child labor and forced labor.

4. Human Rights Due Diligence

Daiwa Securities Group conducts appropriate human rights due diligence and is committed to preventing and mitigating any negative impact its corporate activities may have on human rights.

5. Remedial Mechanisms

Daiwa Securities Group takes corrective and remedial actions through appropriate procedures in the event it becomes clear that its corporate activities have caused or been involved in a negative impact on human rights.

6. Education and Training

Daiwa Securities Group educates and instructs all officers and employees with accurate information on human rights. At the same time, we view human rights issues as our own problem, not somebody else's problem, and foster a sensitivity that enables empathy with the suffering of others.

7. Information Disclosure

Daiwa Securities Group is committed to disclosing information on its human rights initiatives and progress on its website and through other media to ensure that they are understood by all stakeholders.

8. Stakeholder Engagement

Daiwa Securities Group implements this Policy with an emphasis on dialogue with stakeholders.

9. Governance System

Daiwa Securities Group has established a Human Rights Awareness Promotion Committee, chaired by the Human Resources Officer, to promote human rights initiatives. This Policy is determined by the Board of Directors.

Initiatives to Respect Human Rights

The Asset Manager promotes human rights initiatives based on the "Daiwa Securities Group Human Rights Policy". The compliance manual stipulates "respect for human rights and prohibition of discrimination, sexual harassment, etc." and all officers and employees, including temporary employees, are thoroughly informed of this policy through compliance training and other means. In the future, we will further strengthen our human rights education and awareness efforts, and encourage all stakeholders to understand this policy and comply with it to ensure respect for human rights.

Promoting Diversity Equity & Inclusion (DEI)

In its Sustainability Policy formulated in 2023, the Asset Management Company has set "promotion of diversity, equity, and inclusion (DEI)" as one of the major issues to be addressed. The Asset Manager is working to create a work environment where each and every employee can fully demonstrate his or her abilities and work with vitality, regardless of age, nationality, gender, values, or disabilities.

Formulation of general business owner action plans/Disclosure of information on women's activities

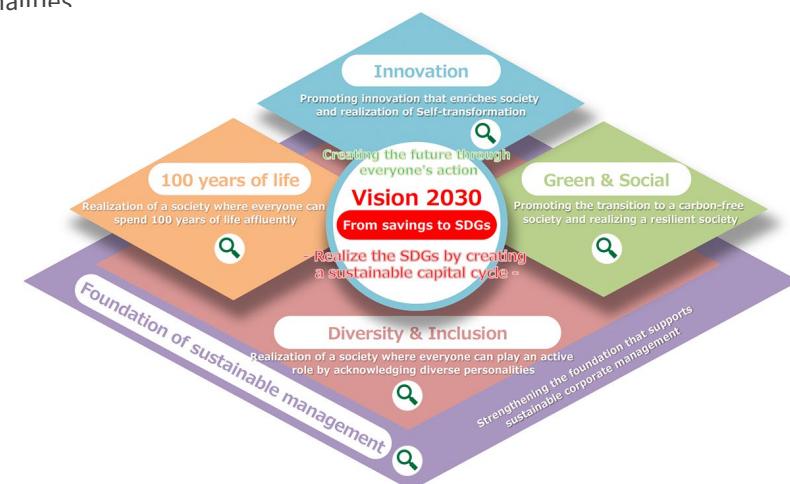
In accordance with the Law for Measures to Support the Development of the Next Generation and the Law for the Promotion of Women's Advancement, the Asset Manager has formulated a "General Business Owner Action Plan" with the aim of creating a comfortable employment environment and a workplace environment where female employees can work for a long time. The company encourages efforts to provide opportunities for dialogue on balancing childcare and work, for example, by holding follow-up lunches for those who have taken childcare leave and wish to return to work.

Divergence rate of average continuous service years for men and women	FY2018	FY2019	FY2020	FY2021	FY2022
	0.60	0.63	0.82	0.91	0.88
Average rate of paid leave taken by all employees ^(※)	66%	78%	73%	80%	84%

※ For more information on the General Business Owner Action Plan and information on women's activities, please refer to the Asset Manager's website.

< Reference: Daiwa Securities Group Management Vision "Vision 2030" >

The Daiwa Securities Group has identified "Diversity and Inclusion" as one of the priority areas in its "Vision 2030" as the foundation for sustainable management. The Daiwa Securities Group has identified two key issues on which it should place particular focus: fostering human resources who can provide added value, and building an organization where everyone can play an active role by acknowledging diverse personalities



Initiatives for Human Resource Development

DR

The source of the Daiwa Securities Group's competitiveness is its human resources. It values the creativity of each and every employee, foster a free and vigorous corporate culture full of a challenging spirit, and properly evaluate employee abilities and contributions. Human resources are their most important asset, and it supports the realization of autonomous career development by enhancing human resource development, training programs, and support for qualification acquisition so that employees can grow and achieve self-fulfillment through working at the Asset Manager.

Daiwa Securities Group Corporate Philosophy

Daiwa Securities Group has four corporate principles. They are “building trust,” “placing importance on personnel,” “contributing to society,” and “maintaining healthy earnings results.” It has nurtured our corporate culture since the foundation of its business, and regard it as the core of Daiwa’s identity. It has taken steps to crystallize the basic philosophy and mindset of the Group inherent in its culture to be manifested as the “Daiwa Spirit.”

Approach to Human Resource Development/In-House Training and Education System

The Daiwa Securities Group aims to be a group of true professionals who love their work and continue to challenge high goals. In order to become a professional, employees are required to work tirelessly toward the career they aspire to in the future, in addition to the elements necessary for their current work. The Asset Manager has established the following in-house training and education programs, in which employees also participate.

(Company-wide training)

Training for the entire company includes compliance training and sustainability training.

(Professional Development Programs)

With the aim of improving employees' professional skills, the Asset Manager has established training programs such as "LEC e-Learning Training" and "Daiwa Real Estate Academy" by external organizations and "Daiwa Securities Skills Training" by the Daiwa Securities Group, which employees may voluntarily attend.(For specific examples of the content of each training program, please refer to p. 23 of this document.)

(Management training for managers)

The Daiwa Securities Group has established the Daiwa Leadership Program and the Daiwa Management Academy as selective training programs for managers as an opportunity to develop human resources who can become the next generation of potential leaders.



Personnel evaluation feedback

The Asset Manager conducts semi-annual performance evaluations and reviews of all employees, with bonuses paid based on the degree of achievement of semi-annual goals. Through periodic evaluation measurements and feedback, the Asset Manager encourages employee career development and has established a transparent personnel evaluation system.

Strategies for securing/training human resources

In addition to hiring talented personnel from outside the company, the Asset Manager has concluded a "Sponsor Support Agreement Concerning Cooperation in Securing Human Resources, etc." with Daiwa Securities Group Inc. and accept employees on secondment from the Daiwa Securities Group to promote the sharing and passing on of expert opinions and skills related to real estate asset management, and to improve the sustainability of the entire organization. The Asset Manager has also introduced an "intra-group recruitment system" to open up new career paths for employees with the desire and ability to achieve self-fulfillment.

	FY2020	FY2021	FY2022
Secondments from sponsor	28	28	27

Qualification Acquisition Support

The Asset Manager supports its employees so that they can demonstrate a high level of expertise as professional personnel. The Asset Manager provides support for the acquisition of qualifications to improve employees' abilities, such as training and examinations for various qualifications, including real estate-related qualifications such as certified real estate transaction agents and certified masters of the Association for Real Estate Securitization, as well as covering the costs of maintaining qualifications.

(Main Qualification Holders)

	Number of holders
Real Estate Transaction Agents	71
ARES Certified Master	43
Certified Building Administrator	11
First-Class Architect	8
Real Estate Consulting Master	8
Real Estate Appraiser	1
Chartered Member of The Security Analysts Association of Japan	12
Certified Public Tax Accountant	2

※ Number of employees of the Asset Manager in FY2022: 118 (As of March 31, 2023)

(Qualification Support Usage Results)

	FY2022
Number of qualification support utilization	48
Qualification fee per person	8,408yen

Initiatives to Achieve Diverse Work Styles /Initiatives for Health and Comfort

DR

The Daiwa Securities Group believes that maximizing the engagement of each and every employee will lead to higher customer satisfaction and ultimately higher shareholder value. The Asset Manager is actively working to create a comfortable work environment and promote employee health, etc., so that each and every employee can feel fulfilled in their work.

Creation of Comfortable Working Environment

The Asset Manager has installed free vending machines, cafeteria space, Wi-Fi and other telecommunication environment in the office area and meeting rooms, and introduced a free address system in order to improve the office space with consideration for the comfort of employees, and is striving to create a workplace environment that supports diverse work styles and enhances productivity.



Cafeteria Space/Office Space

Benefits and Work-Life Balance

The Asset Manager has introduced a flextime system, a teleworking system, an hourly paid leave system, and other systems to enable employees to work in diverse ways according to their individual lifestyles and work characteristics. The following systems have been established to help employees achieve a better work-life balance so that they do not have to give up work due to life events such as childbirth, childcare, or nursing care.

All Employees

Consecutive holiday, flextime, medical checkups, Life Support paid holiday, Telework system

Childrearing

Childcare leave, Childcare Support Leave, Pre-childcare leave for male employees, Short working hours system, Exemption/restriction on overtime work, Nursing care leave, Daycare subsidy, Babysitter system, Support desk for employees looking for nursery schools

Female Employees

Daiwa ELLE Plan

Nursing Care

Nursing care leave, Nursing care-support leave

	FY2020	FY2021	FY2022
Childcare leave takers	6	10	5
Return rate from child care leave	100%	100%	80%
Childcare Support Leave takers	2	6	2
Childcare Support leave usage rate	100%	100%	100%
Nursing care leave takers	0	0	0

Employee Satisfaction Survey

The asset Manager believes that it is important to reflect the views of employees in organizational management and utilize them in various measures, etc. , in order to build a better workplace environment . To this end, it conducts employee satisfaction surveys by an external organization and utilizes the survey results to improve the internal environment.

Initiatives for Health Care

In its health and safety efforts, including labor management and crisis management, the Asset Manager emphasizes the prevention of overwork and the proper understanding of working hours, and strives to improve labor productivity and maintain employee health by appropriately monitoring working hours. It concludes labor-management agreements (36 agreements) on overtime work with employee representatives. As a new initiative, since February 2023, the lights have been automatically turned off in the office area of the Asset Manager every certain time after 7:00 p.m., in an active effort to reduce overtime hours. In addition, in order to maintain the health of its employees, it provides subsidies for various expenses such as the expenses for medical checkups and influenza inoculations, etc., and also making efforts to thoroughly conduct stress checks and medical examinations, require employees to take long consecutive vacations, improve the rate of paid vacations taken, etc.

	FY2020	FY2021	FY2022
Percentage of employees who took the stress check	94%	94%	96%
Paid holiday usage rate	72%	77%	74%
Yearly paid holidays taken per person	16.6	17.8	17.0

	FY2020	FY2021	FY2022
Annual Prescribed Working Hours per Person	1837.5	1830.0	1837.5
Average monthly overtime hours per person	24.6	23.1	18.7

Initiatives to Promote Wellness

Daiwa Securities Group has implemented measures to prohibit smoking on all surfaces during working hours and to improve health awareness. In June 2022, the Group began offering subsidies for dental checkups to all insured employees of Daiwa Securities Group, and launched the "Good Sleep Daiwa - Good Sleep Daiwa Project" as an initiative to improve employees' sleeping skills. Reflecting the opinions of the employee satisfaction survey, the Asset Manager, upon the initiative of its employees, has continued to hold "Shuffle Lunch Meetings" to revitalize internal communication, which had become scarce with the Corona Disaster, and subsidized the expenses for the meetings.



Cost assistance for dental checkups



Good Sleep Daiwa Project



Shuffle Lunch Meetings

Responding to Harassment

The Asset Manager conducts regular harassment training to raise the sensitivity and awareness of officers and employees to harassment, while making them aware of the Compliance Consultation Window. In addition, the Asset Manager grasps the actual situation of harassment during the biannual self-assessment of career plans.

Corporate Governance Structure

DR

The organization of each Investment Corporation consists of a general meeting of unitholders, a board of directors consisting of one executive director and two supervisory directors, and an accounting auditor.

Investment Corporation Institutions

(a) General Meeting of Unitholders

Certain resolutions, which are stipulated in the Act on Investment Trusts and Investment Corporations or the articles of incorporation, are adopted at the General Meeting of Unitholders. Unless otherwise stipulated in the law or articles of incorporation, resolutions of the General Meeting of Unitholders shall be adopted by a majority of the voting rights of the unitholders present. However, for certain important matters such as amendments to the articles of incorporation, resolutions (special resolutions) must be adopted by two-thirds or more of the voting rights of the unitholders present at a meeting where unitholders holding a majority of the investment units issued and outstanding are present.

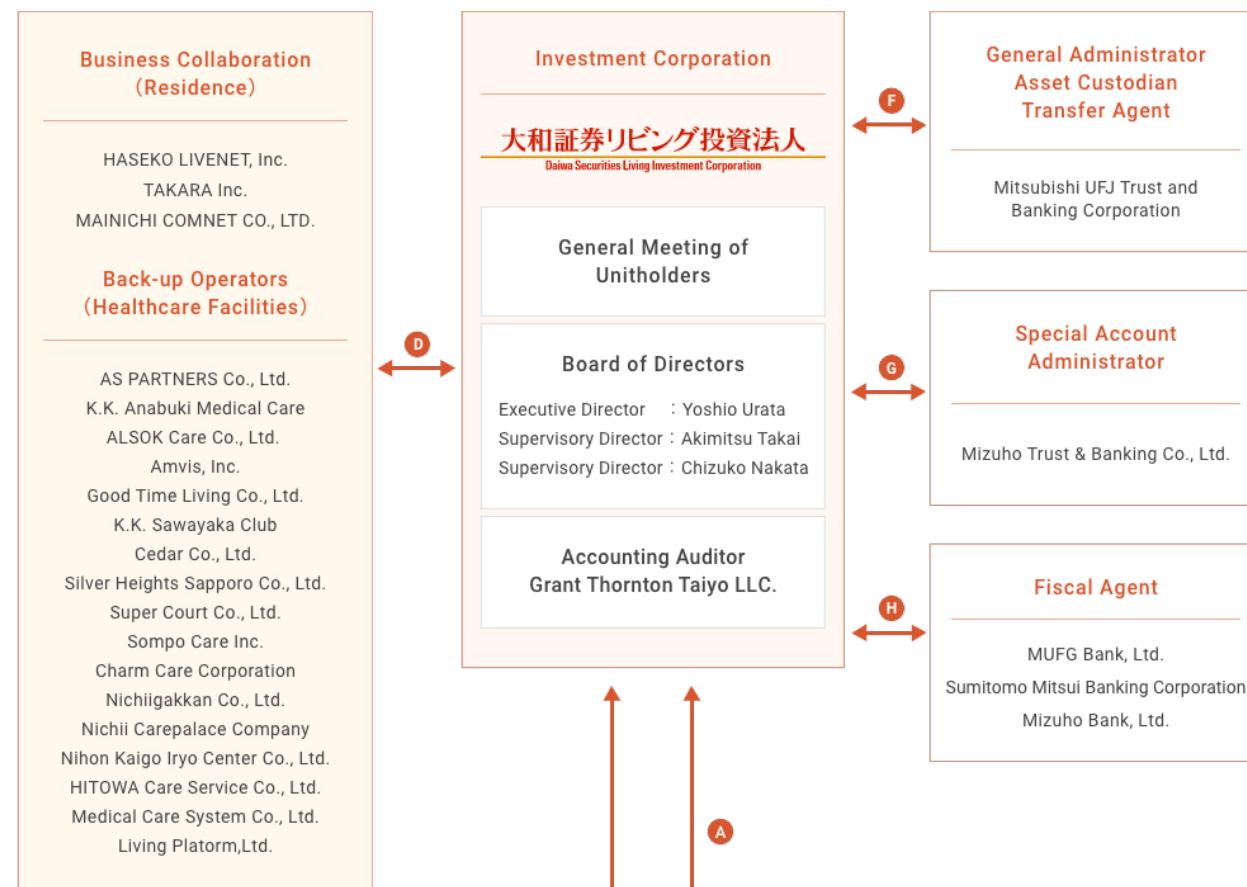
(b) Executive Director, Supervisory Directors & Board of Directors

The executive director has the authority to execute the business of the investment corporation and to perform any judicial or extrajudicial acts related to the business of the investment corporation on behalf of the investment corporation. The supervisory directors have the authority to supervise the execution of duties by the executive directors. The Board of Directors, which is composed of all executive directors and supervisory directors, has the authority to approve the execution of certain duties, as well as the authority stipulated in the Investment Trust Law and the Articles of Incorporation, and the authority to supervise the execution of duties by the executive directors.

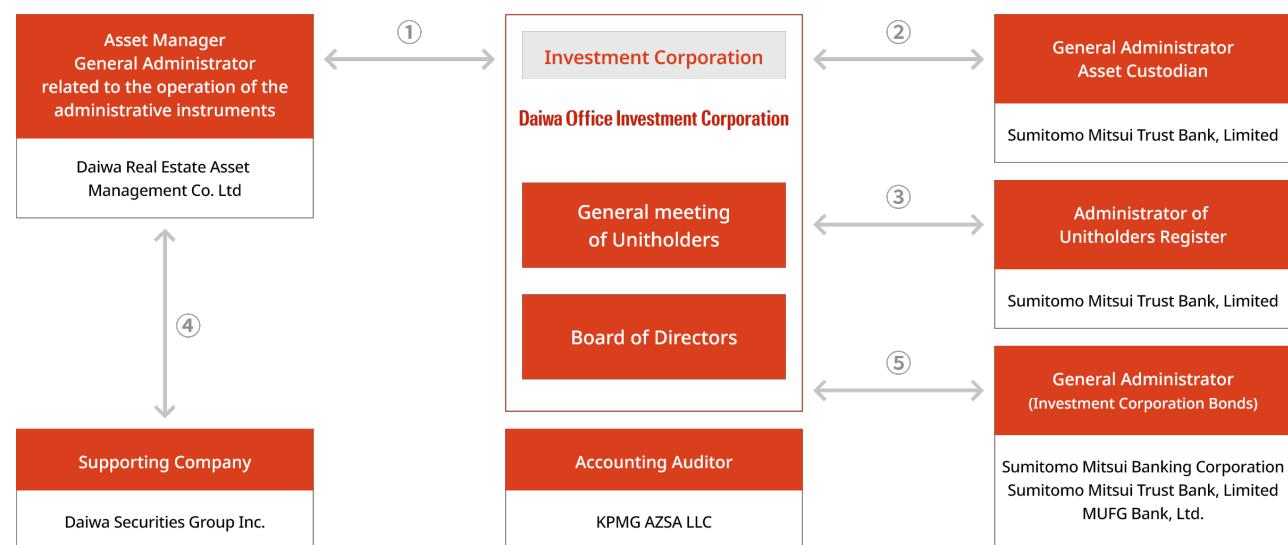
(c) Accounting Auditor

An accounting auditor is appointed for each Investment Corporation. The accounting auditor audits the financial statements, etc. of the investment corporation and reports to the supervisory directors in the event that it discovers any wrongful act or material fact in violation of laws, regulations, or the Articles of Incorporation in connection with the execution of duties by the executive directors, and performs other duties as stipulated by laws and regulations.

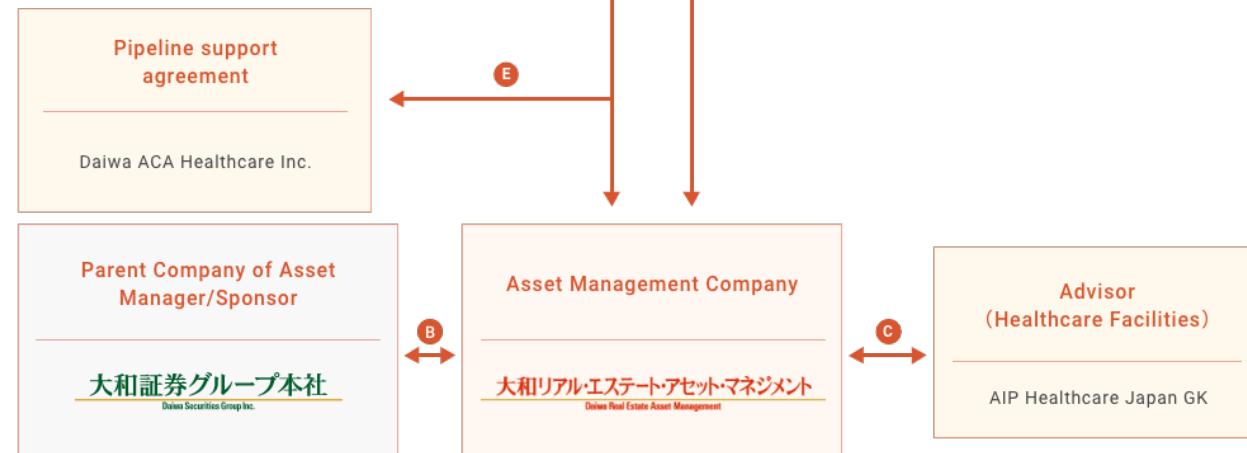
Structural Chart of the Investment Corporation(DLI)



Structural Chart of the Investment Corporation(DOI)



- ① Asset management contract / General administrative contract related
- ② General administrative affairs contract / Asset custodian contract
- ③ Unitholder register, etc. management contract / Special account management contract
- ④ Sponsor support agreement
- ⑤ Fiscal agency agreement



- A Asset management agreement
- B Sponsor support agreement
- C Advisory agreement (Healthcare Facilities)
- D Back-up MOU
- E Pipeline support agreement
- F General administration agreement/Asset custody agreement /Investment unit agency entrustment
- G Agreement on special account
- H Fiscal, issuing and paying agency agreement administration

Compliance Structure

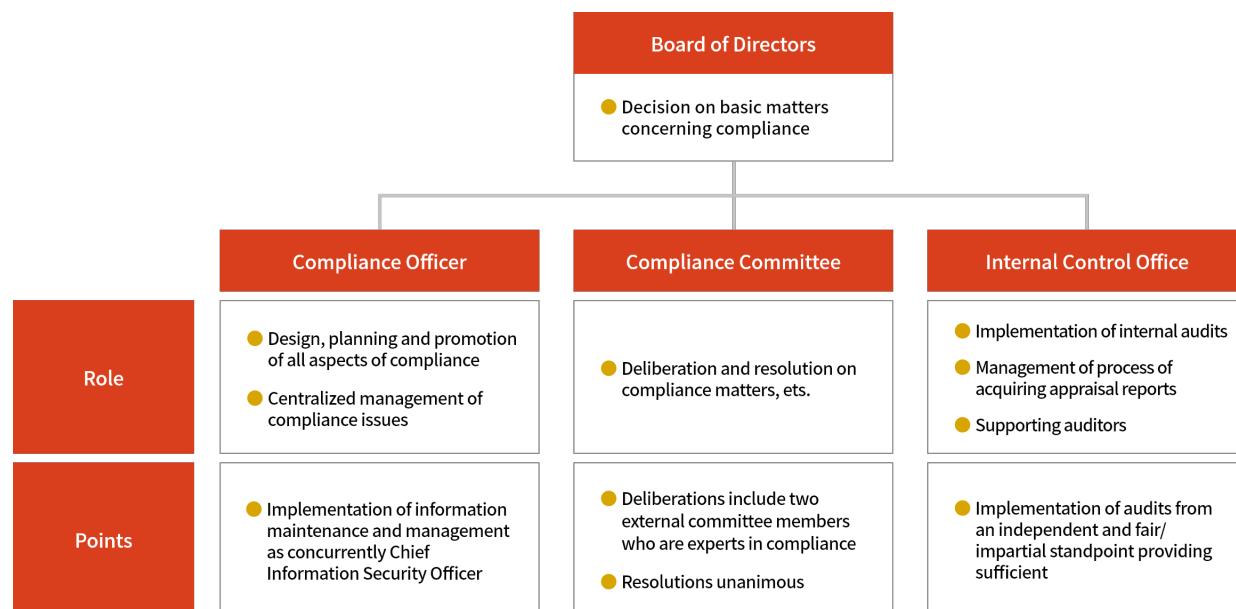
DR

Basic Policy on Compliance

The Asset Manager fully recognizes that non-observance of compliance could shake the management foundation of the investment corporation or fund for which the Asset Manager is entrusted with or advises on asset management, as well as the Asset Manager, and has positioned thorough compliance as a basic management principle.

Compliance Structure

The Asset Manager is committed to honest and fair corporate activities, not only in strict compliance with all laws and regulations related to its operations, various regulations, bylaws and market rules but also in full awareness of social norms.



(a) Board of Directors

The Board of Directors, as the decision-making body for basic matters related to the promotion of compliance, decides on the establishment and revision of rules and regulations, as well as other important compliance-related matters.

(b) Compliance Committee

The Compliance Committee, as an independent body from the Board of Directors, deliberates and resolves on matters related to compliance. The Compliance Committee consists of the Compliance Officer, the General Manager of the Internal Control Office, the General Manager of the General Affairs Department, and an outside specialist familiar with compliance matters.

(c) Compliance Officer

The Compliance Officer, as the chairman of the Compliance Committee, oversees internal compliance matters and plans, drafts, and promotes overall compliance.

(d) Compliance Manual

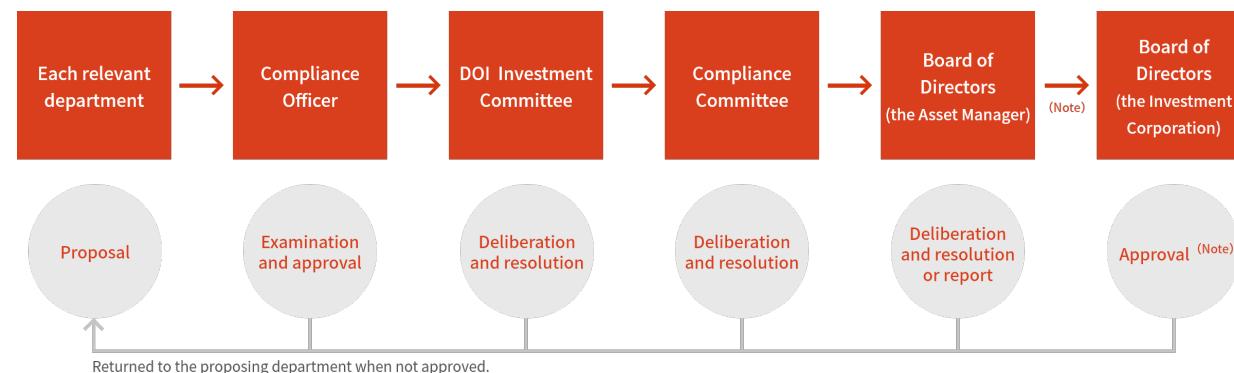
The Compliance Manual has been formulated as a specific guide for officers and employees to implement compliance activities.

(e) Compliance Program

As a specific implementation plan to achieve compliance, a "Compliance Program" is formulated in principle for each fiscal year of the Asset Manager and revised as necessary.

Investment decision-making system

As an asset management company under the Act on Investment Trusts and Investment Corporations that is entrusted with asset management by the Investment Corporation, the Asset Manager prepares, in line with the Articles of Incorporation, asset management guidelines to stipulate basic approaches to investment management, such as the investment policy, rules on transactions with interested parties regarding acquisition and sale of assets, etc. and the disclosure policy.



※When transacting (acquiring or transferring real estate or securities, or leasing) with interested persons under the Act on Investment Trusts and Investment Corporations, approval by the Board of Directors of the Investment Corporation is required except for certain cases.

Appropriate Management of Conflicts of Interest

In cases where transactions may be at risk of conflicts of interest concerning the financial instruments business or other related operations, the Asset Manager shall comply with the Financial Instruments and Exchange Act, the Act on Investment Trusts and Investment Corporations and other related laws and regulations, and the separately provided rules on measures against conflicts of interest. The rules on prevention of conflicts of interest provide the following terms and conditions individually for each of the following transactions:

1) Asset Acquisition

In case of acquiring real estate or real estate trust beneficiary rights from interested parties, the acquisition price shall be at 100% or less of the appraisal value as appraised by a real estate appraiser. In the case of other assets, the acquisition shall be made at fair value price. However, if the fair value measurement is not applicable, the acquisition shall be at the value reasonably estimated by an expert independent from the asset management company.

2) Other

In cases other than asset acquisition, such as asset sale, asset leasing, entrustment of property management operations, entrustment of intermediation operations for real estate acquisition, sale or leasing and placement of construction orders, where such involves interested persons, the transaction shall be implemented in line with the rules on measures against conflicts of interest.

Conflict of Interest Rules

In case of competition over a property acquisition opportunity among the Investment Corporation and other funds, etc. managed by the Asset Manager, conflicts of interest among the Investment Corporations and other funds, etc. shall be prevented by first granting the Investment Corporation the preferential right to consider the acquisition. The acquisition opportunity will be available to the other funds, etc. only when the Investment Corporation decides not to exercise the concerned preferential right.

Furthermore, in the case of rental residences, the Asset Manager shall prevent arbitrary distribution of property information and avoid conflicts of interest among Daiwa Residential Private Investment Corporation, Daiwa Securities Living Investment Corporation and other funds, etc. by establishing the "Rotation Rule."

Risk Management Initiatives

DR

Daiwa Securities Group recognize the importance of identifying and evaluating the various risks associated with our business operations accurately, and controlling them effectively, while we pursue profitability and growth. We aim to maintain a sound financial base and profit structure by properly balancing risks and returns and appropriately control not only short-term risks but also risks that are likely to appear in the medium- to long-term, such as climate change risk. By doing so, we seek to achieve sustainable improvement in corporate value.

Risk Management Initiatives (Basic Policy on Risk Management)

The Asset Manager, from the standpoint of managing client assets, fully recognizes that inadequate risk management could cause undue damage to clients, resulting in loss of trust and shaking the Asset Manager's business foundation, and has positioned the thorough implementation of appropriate management of various risks as a basic management principle. In addition, as a company engaged in the financial instruments business, we recognize that we have a responsibility to strive to realize the business value of the Asset Manager as required by society, and we will actively and tirelessly work to establish a risk management system and properly manage risks based on the Asset Manager's management policy and strategic objectives.

(Risk Management Regulations)

The "Risk Management Regulations" are established for the purpose of ensuring appropriate business operations and thereby ensuring sound management by setting forth basic matters pertaining to risk management at the Asset Manager, clarifying the basic approach to risk management, and establishing an internal management system.

(Risk Management System)

In order to manage risks, the Asset Manager has appointed a person designated by the Representative Director from among its directors as the "Chief Risk Management Officer" to oversee the development of an appropriate risk management system. In addition, the Asset Manager has established the "Risk Management and Compliance Department" as a risk management control division, and designates the general manager of each department as the "Risk Management Officer" to promote appropriate risk management.

Anti-bribery and Anti-corruption Policy

The Asset Manager stipulates in its "Rules of Employment," "Compliance Manual," etc. that it will not engage in bribery, embezzlement, money laundering, or other improper acts, and that it will strictly punish those who engage in such improper acts. In the Compliance Manual, we prohibit the offering, giving, or promising of improper benefits, and prohibit entertainment or gifts to business partners beyond what is socially acceptable, and furthermore, we prohibit the offering, giving, or promising of bribes or improper benefits. All employees submit a written pledge once a year regarding the presence or absence of entertainment or gifts received from business partners, etc., and we check within the company for any instances of impropriety.

Establishment of a system to eliminate antisocial forces

In order to ensure the soundness and fairness of the securities market and to ensure the safety of customers and employees, Daiwa Securities Group Inc. has set a policy to establish a system to eliminate antisocial forces such as organized crime groups, persons related to organized crime groups, and general meeting rooms, and will take organized measures to sever all relationships with these forces. The Asset Manager has established the "Standards for Dealing with Antisocial Forces" and the "Antisocial Forces Check Manual" and is determined to take a firm attitude toward antisocial forces in order to sever any and all relationships.

In addition, in cooperation with the Daiwa Securities Group, the Asset Manager has established and implemented a screening system for antisocial forces at the time of transactions, introduced clauses for the elimination of organized crime groups in contractual documents with business partners, and conducted thorough confirmation at the time of transactions in accordance with the Act on Prevention of Transfer of Criminal Proceeds. The Asset Manager have also established a system for screening our business partners.

Establishment of Tax Policy

In order to enhance tax corporate governance, Daiwa Securities Group has established "Daiwa Securities Group Tax Policy" which serves as a code of conduct and decision-making standards for taxation.

Protection of information assets

The Asset Manager has established Rules for the Protection of Information Assets with the aim of properly utilizing corporate information and preventing unauthorized access and loss or leakage of corporate information.

The regulations ensure thorough information management by stipulating the management of confidential information, access restrictions for outsiders, prevention of information leaks, maintenance of information systems and education and audits related to information system management.

Whistleblowing System

The Asset Manager has established a whistleblowing system for all employees (part-time, contract, seconded from other companies and temporary).

This system enables anonymous reporting and, in compliance with the Whistleblower Protection Act, prohibits firing, disciplining, retaliating against or subjecting the whistleblower to any other disadvantageous treatment on account of their report.

Status of Compliance Training

The Asset Manager periodically conducts compliance training as below for all officers and employees, including temporary employees, to ensure compliance and raise awareness. The topics covered include "Elimination of Anti-Social Forces" "Prevention of Money Laundering and Countermeasures against Terrorist Financing" "Fair Competition" "Information Security" "Prevention of Insider Trading" and "Business Entertainment and Gifts," as stipulated in the Compliance Manual and the participation rate for these training is as follows.

	FY2020	FY2021	FY2022
Compliance training (number of times conducted)	twice	twice	twice
Compliance training (training hours per person)	Total 2hours	Total 2hours	Total 2hours

Year Held	Training participation rate
1st half of FY2021	100.0%
2nd half of FY2021	100.0%
1st half of FY2022	100.0%
2nd half of FY2022	100.0%

Sustainability Finance

DOI DLI

Each Investment Corporation has developed a financing framework to provide investors with ESG investment opportunities through sustainability finance, and promotes ESG investment through bond and loan financing.

Green Finance Initiatives(DOI)

(Evaluation by external organizations)

The Investment Corporation has established the Green Finance Framework under the belief that providing investment opportunities for investors who are active in ESG investment through green financing is of social significance. DOI has received Green 1(F), the highest rating in “JCR Green Finance Framework Evaluation” from Japan Credit Rating Agency, Ltd. as a third-party evaluation for the Green Finance Framework.

1.Use of Procured Funds

Funds raised through green bonds or green loans will be used to acquire properties that meet the following eligible criteria or to refinance the funds.

【Eligible criteria】

Properties which have received or will receive any of the following certifications from third-party certification bodies

- (1) DBJ Green Building Certification : 3~5 Stars
- (2) CASBEE for Buildings : B+ Rating, A Rating or S Rating (CASBEE-Building (new construction), CASBEE-Real Estate, CASBEE for Municipalities)
- (3) BELS Certification : 3~5 Stars
- (4) LEED Certification : Silver, Gold or Platinum

2.Evaluation/selection Process of Projects

Under the advice of the asset management personnel of the Asset Manager, the Finance Department will consider the suitability for eligible criteria, and then evaluate and select the projects.

Raising funds through green financing for the project is examined by the Asset Manager’s Sustainability Promotion Committee, deliberated by the DOI Investment Committee and the Board of Directors, and approved by the Board of Directors of the Investment Corporation.

3. Management of Procured Funds

DOI will set the total acquisition price of Green Eligible Assets as the maximum amount of Green Bond issuance and will manage and internally track and control the appropriated funds on a portfolio-by-portfolio basis to ensure that the outstanding amount of Green Bonds does not exceed the total acquisition price of Green Eligible Assets for as long as the Green Bond issuance remains outstanding.

If all or a portion of the funds raised by Green Bonds are not immediately allocated to Green Eligible Assets, DOI will identify unallocated funds and manage all or a portion of the proceeds in cash and cash equivalents until such time as the funds are allocated to Green Eligible Assets.

4. Impact Reporting

DOI publishes the status of fund appropriation, certification of Green Qualified Assets, and environmental performance indicators on its website on an annual basis for as long as there are outstanding Green Bonds issued. Please refer to the website for details of the fund appropriation status reporting and impact reporting (status of certification of green qualified assets and quantitative indicators related to green qualified assets).

Green finance procurement amount	
Green Loan Outstanding	Total 8.3 billion yen
Green Bonds Outstanding	Total 3.9 billion yen

(End of March 2023)



Examples of Green Finance Applications
(Daiwa Harumi)

Social Finance Initiatives DLI)

(Evaluation by external organizations)

DLI has developed a Social Finance Framework to provide investors with ESG investment opportunities through social finance, and has received the highest rating of "Social1(F)" from Japan Credit Rating Agency, Ltd.

1.Use of Procured Funds

Funds raised through social bonds or social loans will be used to acquire properties that meet the following eligible criteria or to refinance the funds.

【Eligible criteria】

- 1.Nursing homes
 - (1)Pay nursing homes : ①Nursing care type②Healthy type③Residential type
 - (2)Serviced senior housings
 - (3)Other nursing homes
- 2.Medical facilities(Hospitals / Clinics / Medical malls)

2.Evaluation/selection Process of Projects

Under the advice of the asset management personnel of the Asset Manager, the Finance Department will consider the suitability for eligible criteria, and then evaluate and select the projects.

Raising funds through Social Finance for the project is examined by the DR Sustainability Promotion Committee, deliberated by the DR Investment Committee and the Board of Directors, and approved by the Board of Directors of Investment Corporation.

3. Management of Procured Funds

If there are unallocated funds, the funds raised will be managed in cash or equivalent until the full amount of the funds raised is allotted.

Even after the full amount has been allocated, if the assets for which the funds are used are excluded from the portfolio due to sale, etc., the funds will be managed appropriately by the portfolio management.

【Portfolio management (Every fiscal period)】

Total balance of Social Finance \leq Social Finance eligible debt limit (Total acquisition price of assets that meet the eligible criteria x Total assets LTV)

4. Impact Reporting

DLI publishes on its website on an annual basis the status of application of funds raised through social finance and impact reporting (number of healthcare facilities acquired, occupancy rate, and amount invested in healthcare facilities).

Social finance procurement amount	
Social Loan Outstanding	Total 9.92 billion yen
Social Bonds Outstanding	Total 2.0 billion yen

(End of March 2023)



Examples of property acquisitions using social finance(Charm Premier Kamakurayama, Sunny Life Shibaura)

External Assessments



Each Investment Corporation is working to improve its score by obtaining external evaluations by third parties in order to enhance the reliability and objectivity of the results of its efforts to reduce environmental impact, as well as to increase the medium- to long-term value of the properties it owns.

GRESB Real Estate Assessment

GRESB is a benchmark for measuring the sustainability performance of the real estate sector, created in 2009 by a group of major European pension funds. Leading institutional investors are members and use GRESB in their real estate investment management process.

DOI and DLI will continue to participate in the GRESB Real Estate Assessment, and their respective ratings in the 2022 GRESB Real Estate Assessment are as follows

(Key Assessment Points)

- DOI and DLI have received the "Green Star" rating, the highest rating given to outstanding participants in both the "Management Component," which evaluates the company's policies and organizational structure for ESG promotion, and the "Performance Component," which evaluates the environmental performance of the properties owned and efforts with tenants.
- DOI has received the highest "5-star" rating in the GRESB Rating, a five-level rating system based on the global ranking of overall scores.
- DOI and DLI also received the highest "A Level" rating in the GRESB Disclosure Assessment, which measures the level of ESG information disclosure, for their efforts in ESG information disclosure.

MCSI ESG Rating

Using an ESG evaluation framework created by MSCI ESG Research LLC, the MSCI ESG rating assigns a rating on a seven-tiered scale, ranging from "AAA" to "CCC," based on exposure to industry-specific ESG risks and management capabilities for handling those risks in comparison with other companies in the same industry. The MSCI ESG rating is one of the parameters for listing companies on the MSCI Japan ESG Select Leaders Index, which is used by the Government Pension Investment Fund as an ESG index for passive management, as well as being used by over 1,300 institutional investors around the world and in the creation of over 1,000 investment indexes. In the MSCI ESG ratings, DOI has a "BB" rating (as of April 2023) and DLI has a "BB" rating (as of April 2023).



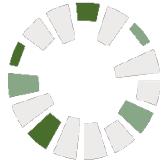
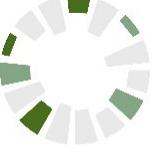
MUFG ESG Rating Certificate for J-REITs Supported by JCR (DOI)

The MUFG ESG Rating Certificate for J-REITs Supported by JCR is a system that assesses companies' ESG-related initiatives based on original ESG-related check items, with Mitsubishi UFJ Research & Consulting Co., Ltd. (MURC) as the service provider and the Japan Credit Rating Agency (JCR) as the support company. It is a specialized product for J-REITs that, in addition to assigning a score, provides feedback on the assessment results, current issues, etc. DOI has acquired the highest "S Rank" for the MUFG ESG Rating Certificate for J-REITs Supported by JCR.



Reference: Efforts to achieve the SDGs

The Daiwa Securities Group is working to achieve the Sustainable Development Goals (SDGs) under the "Passion for SDGs: Daiwa Securities Group SDGs Declaration," and the Asset Manager, DOI and DLI are also promoting activities to solve sustainability issues under this policy.

Type of Assessment	Contents	Assessment Results(DOI)	Assessment Results(DLI)
GRESB Real Estate Assessment	Evaluates ESG performance in terms of "management & policy" and "asset portfolio performance"	Highest Rating Green Star (Obtained for the eleventh consecutive years)	Highest Rating Green Star
	Relative assessment based on the total score (GRESB Rating)	Highest Rating 5Stars  GRESB ★★★★★ 2022	2Stars  GRESB ★★☆☆☆ 2022
GRESB Public Disclosure	Evaluates the level of ESG disclosure	Highest Rating A (Obtained for two consecutive years)  GRESB Public Disclosure 2022	Highest Rating A  GRESB Public Disclosure 2022

SDGs Sustainable Development Goals



International Goals to 2030 adopted at the UN Summit in September 2015. It sets out 17 goals and 169 targets to achieve a sustainable world. It is characterized by the fact that it calls into question the state of not only developing countries but also developed countries including Japan, and pledges to "leave no one behind" in the process of its efforts.

External Certifications



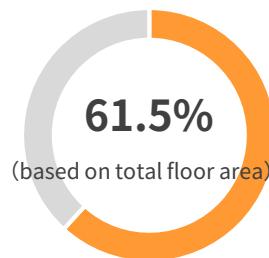
Each Investment Corporation and the Asset Management Company are aiming to increase the ratio of environmental certifications acquired in order to enhance the reliability and objectivity of the results of their efforts to reduce environmental impact, and at the same time, to increase the medium- to long-term value of the properties they own.

① Acquisition of Environmental Certifications(DOI)

- Number of properties with environmental certifications : 32
Percentage of environmental certifications acquired : 61.5% (As of Fiscal Period ended November 2022 (34th period))
- As a mid- to long-term goal : DOI aims to increase the ratio of environmental certifications in the entire portfolio to **70.0%** by FY2030

(Acquisition results)

	FY2020	FY2021	FY2022
Number of properties with certification	31	31	32
Percentage of certification (based on total floor area)	60.3%	61.3%	61.9%



(As of November 30, 2022)

	Number of properties with certification	Percentage of certification (based on number of properties)	Certified Area	Percentage of certification (based on total floor area)
CASBEE	29	49.2%	260,801.23m ²	51.0%
DBJ	2	3.4%	82,282.76m ²	16.1%
BELS	3	5.1%	19,372.37m ²	3.8%
Total (※)	32	54.2%	314,621.82m ²	61.5%

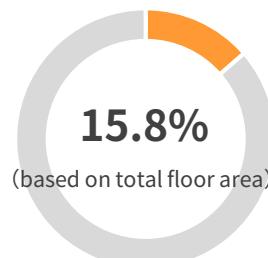
(As of November 30, 2022)

② Acquisition of Environmental Certifications(DLI)

- Number of properties with environmental certifications : 21
Percentage of environmental certifications acquired : 15.8% (As of Fiscal Period ended March 2023 (34th period))
- As a mid- to long-term goal : DLI aims to increase the ratio of environmental certifications in the entire portfolio to **20.0%** by FY2030

(Acquisition results)

	FY2020	FY2021	FY2022
Number of properties with certification	2	2	21
Percentage of certification (based on total floor area)	3.1%	3.0%	15.8%



(As of March 31, 2023)

	Number of properties with certification	Percentage of certification (based on number of properties)	Certified Area	Percentage of certification (based on total floor area)
CASBEE	2	0.8%	19,961.72m ²	2.3%
DBJ	4	1.6%	54,880.43m ²	6.3%
BELS	15	6.0%	62,865.32m ²	7.2%
Total	21	8.5%	137,707.47m ²	15.8%

(As of March 31, 2023)

③ Overview of Environmental Certification

CASBEE for Real Estate Certification

CASBEE for Real Estate certification is a system for evaluating the overall environmental performance of buildings which have been developed in Japan and whose use is becoming more widespread there. It rates buildings on a five-tiered scale from “S Rank” (superior) to “C Rank” (lacking) based on environmental measures such as the use of energy-efficient equipment and equipment with a small environmental footprint, as well as building quality, including consideration of interior comfort, the view, etc.

[Click here for more details about the CASBEE for Real Estate certification system](#)



DBJ Green Building Certification

DBJ Green Building certification is a system created by Development Bank of Japan (DBJ) to support environmentally and socially responsible real estate. Based on an overall assessment including the environmental performance of the property as well as measures for various stakeholders (disaster prevention, community engagement, etc.), it evaluates and certifies socially and economically necessary real estate on a five-tiered scale, from five stars (the highest rating) to one star (the lowest rating).

[Click here for more details about the DBJ Green Building certification system](#)



BELS Certification

BELS certification is a third-party certification system that rates housing and other buildings based on their commitment to disclosing energy-saving performance based on the Act on the Improvement of Energy Consumption Performance of Buildings by means of a BEI value calculated using primary energy consumption, in accordance with building energy consumption performance standards stipulated by the national government. Evaluation and disclosure based on this system is performed by member organizations (registered housing quality assessment organizations, designated confirmation and inspection agencies, registered building survey organizations, etc.) of the assessment association who have notified of performing BELS-related duties. Buildings are assessed on a five-tiered scale, from five stars (the highest rating) to one star (the lowest rating).

[Click here for more details about the BELS certification system](#)



- ※1 In calculating the acquisition ratio of environmental certifications, CASBEE certification, DBJ Green Building certification, and BELS certification are included.
- ※2 Properties that have acquired multiple environmental certifications for the same property are treated as a single property when calculating the values for properties that have acquired environmental certifications and the ratio of ratios of acquisition of environmental certifications.
- ※3 The total floor area of condominium-owned buildings is calculated based on the ratio of ownership.
- ※4 The number of certified properties and the ratio of certified properties are the actual results as of the end of each fiscal year.
- ※5 The figures for each environmental certification are calculated based on the number of properties and total floor space as of the end of the most recent fiscal period within the fiscal year covered by each Investment Corporation as follows.
(DOI) Number of properties as of the end of November 2022: 59, Total floor space of the entire portfolio: 511,529.03m²
(DLI) Number of properties as of the end of March 2023: 248, Total floor space of the entire portfolio: 873,839.67m²

ESG Data (Environmental Initiatives)



Environmental Certifications / Examples of major property acquisitions

(DOI)

Property Type	Property Name	CASBEE	DBJ	BELS
Office	Daiwa Sarugakucho	S		
Office	Daiwa Harumi	S		
Office	Shinjuku Maynds Tower	S	★★★★	
Office	Daiwa Misakicho	A		
Office	Daiwa Jinbocho 3-chome	A		
Office	Daiwa Kanda Mikuracho	A		
Office	Daiwa Tsukiji	A		
Office	Daiwa Tsukushima	A		
Office	Daiwa Nihonbashi Horidomecho	A		
Office	Daiwa Kayabacho	A		★★
Office	Daiwa Nihonbashi Hongokucho	A		
Office	Daiwa River Gate	A		
Office	Daiwa Hatchobori ekimae	A		
Office	Daiwa Hatchobori ekimae West	A		
Office	Kirin Nihonbashi	A		
Office	Nihonbashi Central Square	A		
Office	Daiwa Nishi-Shimbashi	A		
Office	Daiwa Mita 2-Chome	A		
Office	E SPACE TOWER	A		
Office	Daiwa Shibuya Shinsen	A		
Office	Daiwa Shibuya Square	A		
Office	Daiwa Daikanyama	A		
Office	Daiwa Ogikubo	A		
Office	Daiwa Shinagawa Gotenyama	A		
Office	Daiwa Kitahama	A		
Office	Daiwa Tsukijiekimae	B+		
Office	Daiwa Shibadaimon	B+		
Office	Daiwa Nishi-Shinjuku	B+		
Office	Daiwa Shinagawa North	B+		
Office	CONCURRED Yokohama		★★★	
Office	Daiwa Nihonbashi Bakurocho			★★★
Office	shinyon curumu			★
Total		29	2	3

(As of March 31, 2023)

(DLI)

Property Type	Property Name	CASBEE	DBJ	BELS
Rental housing	willDo Kiyosumi	A		
Rental housing	TK Flats Shibuya	A		
Rental housing	Chijikoukanmae Tower Residence		★★★★	
Rental housing	Serenite Honmachi Grande		★★★	
Rental housing	The Residence Honmoku Yokohama Bayside		★★★	
Rental housing	Granpark Tenjin		★★	
Healthcare	Irise Komae Bettei			★★★★★
Healthcare	AIP Kachidoki-Ekimae			★★★★★
Healthcare	Aira no mori Higashi-Ofuna			★★★★★
Healthcare	Aira no mori Shakujiikoen			★★★★★
Healthcare	Senior Forest Yokohama-Tsuzuki			★★★★★
Healthcare	Good Time Living Center-Minami • Platesia Center-Minami			★★★★★
Healthcare	Sunny Life Chofu			★★★★★
Healthcare	Ishinkan Kamiooka			★★★★★
Healthcare	PLAISANT GRAND MINAMI YUKIGAYA			★★★★
Healthcare	Sunny Life Hiyoshi			★★★★
Healthcare	As Heim Tsunashima			★★★
Healthcare	Aira no mori Edogawa-Shinozaki			★★
Healthcare	Charm Premier Kamakurayama			★★
Healthcare	Library Shin-Shibamata			★★
Healthcare	Alpha Living Takamatsu Konyamachi			★★
Total		2	4	15

(As of March 31, 2023)



ESG Data (Social Initiatives)

DR

Human Resource Data for the Asset Management Company

1. Basic Data

	FY2019	FY2020	FY2021	FY2022
Employees	113	127	132	118
Male	76	88	94	80
Female	37	39	38	38
Percentage of Female	32.7%	30.7%	28.8%	32.2%
Contract employees	0	0	0	0
Male	0	0	0	0
Female	0	0	0	0
(Ref.) Temporary employees	5	5	5	3
Male	0	0	0	0
Female	5	5	5	3
New hires	11	15	10	6
Male	6	13	9	3
Female	5	2	1	3
Average Years Employed	4.7	5.1	5.2	6.5
Male	4.9	5.4	5.2	6.5
Female	4.4	4.6	5.2	6.4
Departures	4	3	3	3
Rate of departure	3.8%	2.7%	2.4%	2.6%
SecondMalets from sponsor	26	28	28	27

2. Diversity Promotion

	FY2019	FY2020	FY2021	FY2022
Number of directors (Including part-time)	6	7	6	7
Male	6	7	6	6
Female	0	0	0	1
Ratio of Female directors	0%	0%	0%	14.3%
Number of managers	84	91	99	90
Male	66	73	82	71
Female	18	18	17	19
Ratio of Female managers	21.4%	19.8%	17.2%	21.1%
Number of employees in senior human resources (age over 60)	1	3	3	4

3. Employee health, safety and comfort

	FY2019	FY2020	FY2021	FY2022
Paid holiday usage rate	78%	72%	77%	74%
Yearly paid holidays taken per person	18	17	18	17
Childcare leave takers	5	6	10	5
Return rate from child care leave	100.0%	100.0%	100.0%	80.0%
Childcare Support Leave takers	2	2	6	2
Childcare Support leave usage rate	50.0%	100.0%	100.0%	100.0%
Nursing care leave takers	0	0	0	0
Percentage of employees who took the stress check	97.0%	94.0%	94.0%	96.0%
Annual regular working hours	1807.5	1837.5	1830.0	1837.5
Average monthly overtime hours per person	20.3	24.6	23.1	18.7
Number of fatal industrial accidents	0	0	0	0
Number of violations of labor standards	0	0	0	0

4. Details of Qualification Support and Training / Main Training Programs

	FY2020	FY2021	FY2022
Number of qualification support utilization	38	38	48
Qualification cost per person (yen/year)	6,518	4,992	8,408
Training hours per person	3.5	3.5	3.8
Training cost per person (yen)	2,403	2,705	3,250

	Main Training Contents
LEC e-Learning Training	Can choose from more than 300 different topics, including Basic Skills, Legal & Compliance, Accounting & Finance, Finance, and Human Resources & Labor.
Daiwa Securities Skills Training	Can choose from 30 courses including "Logical Thinking," "Design Thinking," "Business Succession," "Investment Analysis," etc.
DAIWA REAL ESTATE ACADEMYA	Practical training programs for acquiring basic real estate knowledge, real estate research and transactions

※ Number of employees: Excluding temporary employees.

※ Number of employees, average length of service, number of managerial positions, and number of employees taking childcare leave: Including those seconded to the parent company. Excludes employees 100% seconded to Daiwa Securities Group companies such as Daiwa Securities Realty Co. Ltd.

※ Details of qualification support and training: Figures for FY2022 for each item include employees seconded to Daiwa Securities Realty Co. Ltd.

ESG Data (Governance Initiatives ①)

DOI DLI

Status of Executive and Supervisory Directors/Criteria for Appointment

Directors are appointed by resolution of the General Meeting of Unitholders from candidates selected for the reasons given below on the condition that they do not fall under any grounds for disqualification or prohibition of entrustment provided in the Investment Trusts Act or other laws and regulations (disqualification under Article 98 and Article 100 of the Investment Trusts Act, and Article 164 of the Regulation for Enforcement of the Investment Trusts Act) or (prohibition of entrustment under Article 200 of the Investment Trusts Act and Article 244 of the Regulation for Enforcement of the Investment Trusts Act). Each board of directors is composed of persons who have no vested interest in the respective investment corporation.

(DOI)

Title	Name	Gender	Reasons for appointment	Attendance at Board of Directors meetings (Fiscal Period ended May 2022)	Attendance at Board of Directors meetings (Fiscal Period ended November 2022)	Number of investment units of the Investment Corporation held	Skill
Executive Director	Keiichi Sakai	Male	Elected as an Executive Officer based on his extensive business experience and knowledge of finance in general, as well as his appropriate judgment, personality, and insight in the execution of his duties.	—	4 of 4 (100.0%)	0	● (Corporate management)
Supervisory Director	Daisuke Eki	Male	Elected as a supervisory director based on his well versed in various laws and regulations as an attorney and has sufficient character and insight to supervise the execution of duties by the executive director and to perform his duties as a member of the board of directors of the Fund.	—	4 of 4 (100.0%)	0	—
Supervisory Director	Koichiro Ito	Male	Elected as a supervisory director based on his well versed in accounting and taxation as a certified public accountant and has sufficient character and insight to supervise the execution of the duties of the executive director and to perform his duties as a member of the board of directors of the fund.	—	4 of 4 (100.0%)	0	● (Finance and accounting)

※Keiichi Sakai, Daisuke Eki and Koichiro Ito assumed office as of August 26, 2022.

(DLI)

Title	Name	Gender	Reasons for appointment	Attendance at Board of Directors meetings (Fiscal Period ended September 2022)	Attendance at Board of Directors meetings (Fiscal Period ended March 2023)	Number of investment units of the Investment Corporation held	Skill
Executive Director	Yoshio Urata	Male	Elected as an Executive Officer based on his extensive business experience and knowledge of finance in general, as well as his appropriate judgment, personality, and insight in the execution of his duties.	8 of 8 (100.0%)	3 of 6 (50.0%)	0	● (Corporate management) (Finance and accounting) (Risk management)
Supervisory Director	Akimitsu Takai	Male	Elected as a supervisory director based on his well versed in various laws and regulations as an attorney and has sufficient character and insight to supervise the execution of duties by the executive director and to perform his duties as a member of the board of directors of the Fund.	8 of 8 (100.0%)	6 of 6 (100.0%)	0	—
Supervisory Director	Chizuko Nakata	Female	Elected as a supervisory director based on his well versed in accounting and taxation as a certified public accountant and has sufficient character and insight to supervise the execution of the duties of the executive director and to perform his duties as a member of the board of directors of the fund.	7 of 8 (87.5%)	6 of 6 (100.0%)	0	● (Finance and accounting)

※1 Please refer to the website of each investment corporation for the main biographies of each executive director and supervisory director. The term of office of executive directors and supervisory directors is stipulated as two years from their assumption of office in the Articles of Incorporation.

※2 In accordance with the rules for the management of insider trading, etc., directors and executive officers of the investment corporation are not allowed to buy or sell investment units issued by the investment corporation.

※3 The number of investment units held is as of March 31, 2023.

※4 Each skill is circled in the MSCI Skills Matrix, where the expertise of each director's work experience is evaluated.

ESG Data (Governance Initiatives ②)

DOI DLI

Directors Compensation/Concurrent Positions (DOI)

DOI's Articles of Incorporation stipulate that the maximum amount of remuneration for executive directors and supervisory directors shall be 800,000 yen per month per person and 500,000 yen per month per person, respectively, as determined by the Board of Directors. A resolution of the general meeting of unitholders is required for any change.

(Fiscal Period ended May 2022)

(Unit: thousand yen)

Title	Name	Concurrent positions	Total Compensation for Position in This Period
Executive Director	Seiya Miyamoto	—	3,000
Supervisory Director	Takayuki Hiraishi	Attorney at Spring Partners Audit & Supervisory Board Member at Delivery Consulting Inc.	4,200
	Hiroshi Sakuma	CPA/tax accountant at Sakuma CPA Firm Director at Just Planning Inc.	

(Fiscal Period ended November 2022)

(Unit: thousand yen)

Title	Name	Concurrent positions	Total Compensation for Position in This Period	
Executive Director	Keiichi Sakai	—	3,000	
	Seiya Miyamoto	—		
Supervisory Director	Daisuke Eki	Attorney at Ishii Law Office	4,200	
	Koichiro Ito	Representative of Ito International Accounting and Taxation Office Auditor of VISITS Technologies Inc. Director of ACT Holdings, Inc. Auditor of Jibannet Holdings Auditor of moi Corporation Director and Audit Committee Member of e-Seikatsu Co., Ltd.		
		Takayuki Hiraishi		—
		Hiroshi Sakuma		—

※ Effective August 26, 2022, Seiya Miyamoto resigned as Executive Director and Keiichi Sakai assumed the position. Also, as of the same date, Supervisory Directors Takayuki Hiraishi and Daisuke Eki resigned as supervisory directors and Koichiro Ito were appointed as supervisory directors.

Accounting Auditor Compensation(DOI)

DOI's Articles of Incorporation stipulate that the standard for payment of remuneration for the accounting auditor of DOI shall be up to 20 million yen for each fiscal period subject to audit, an amount to be determined by the Board of Directors. A resolution of the general meeting of unitholders is required to change the standard.

(Unit: thousand yen)

Name	Description of compensation	Total compensation (Fiscal Period ended May 2022)	Total compensation (Fiscal Period ended November 2022)
KPMG AZSA LLC	Compensation based on auditing duties	15,750	15,750

※ Please refer to the following relevant pages. (only Japanese Web Site) in the subject asset management report regarding the actual compensation paid to the directors and independent auditors of DOI and DLI for the most recent fiscal period (Refer to the relevant page of DOI: I. Asset Management Report>(2) Summary of Investment Corporation>(3). Asset Management Report>(2) Overview of the Investment Corporation>(3) Matters Concerning Directors, etc.) (Refer to the relevant page of DLI: II. (Asset Management Report>Overview of the Investment Corporation>(3) Matters Concerning Directors, etc.)

Directors Compensation/Concurrent Positions (DLI)

DLI's Articles of Incorporation stipulate that the maximum amount of remuneration for executive directors and supervisory directors shall be 800,000 yen per month per person and 500,000 yen per month per person, respectively, as determined by the Board of Directors. A resolution of the general meeting of unitholders is required for any change.

(Fiscal Period ended September 2022)

(Unit: thousand yen)

Title	Name	Concurrent positions	Total Compensation for Position in This Period
Executive Director	Yoshio Urata	—	3,000
Supervisory Director	Akimitsu Takai	Representative of Takai Law Office Auditor of Japan Cycle Co., Ltd. Outside Auditor of Take and Give Needs Co., Ltd. Outside Auditor of NEW ART HOLDINGS Co., Ltd. Outside Director (Audit, etc., Committee Member) of Kojima Co., Ltd. <u>Outside Director of Noda Corporation</u>	3,000
	Chizuko Nakata	Registered as a certified public accountant Representative of Nakata CPA Firm Representative Director, Nakata Business Consulting LLC Outside Director (Audit & Supervisory Committee Member)), Nihon Nohyaku Co., LTD.	

(Fiscal Period ended March 2023)

(Unit: thousand yen)

Title	Name	Concurrent positions	Total Compensation for Position in This Period
Executive Director	Yoshio Urata	—	3,000
Supervisory Director	Akimitsu Takai	Representative of Takai Law Office Auditor of Japan Cycle Co., Ltd. Outside Auditor of Take and Give Needs Co., Ltd. Outside Auditor of NEW ART HOLDINGS Co., Ltd. Outside Director (Audit, etc., Committee Member) of Kojima Co., Ltd. Outside Director of Noda Corporation	3,000
	Chizuko Nakata	Registered as a certified public accountant Representative of Nakata CPA Firm Representative Director, Nakata Business Consulting LLC Outside Director (Audit & Supervisory Committee Member)), Nihon Nohyaku Co., LTD.	

※ Effective December 21, 2021, Ikuo Shoda and Shunichi Suzuki resigned as executive directors, and Yoshio Urata assumed the position of director. In addition, Kohei Yabuta and Jun Nagamine resigned as supervisory directors, and Akimitsu Takai and Chizuko Nakata were appointed as supervisory directors.

Accounting Auditor Compensation(DLI)

DLI's Articles of Incorporation stipulate that the standard for payment of remuneration for the accounting auditor of DOI shall be up to 30 million yen for each fiscal period subject to audit, an amount to be determined by the Board of Directors. A resolution of the general meeting of unitholders is required to change the standard.

(Unit: thousand yen)

Name	Description of compensation	Total compensation (Fiscal Period ended September 2022)	Total compensation (Fiscal Period ended March 2023)
Grant Thornton Taiyo LLC	Compensation based on auditing duties	15,000	17,000

ESG Data (Governance Initiatives ③)

DOI DLI DR

Compensation Structure of Each Investment Corporation

(DOI)

classification	Basis of the calculation	Fee rate
Management Fee I (based on assets under management)	Total appraisal value of assets under management(based on market value)	0.05%
Management Fee II (rent revenue standard)	Rent revenue	5.5%
Management Fee III (based on distributable amount)	Distributable amount	3.5%
Management Fee IV (asset acquisition standard)	Acquisition price of target real estate	0.75%
Management Fee V (asset sale standard)	Transfer price of target real estate	0.5%

(As of November 30, 2022)

(DLI)

classification	Basis of the calculation	Fee rate
Management Fee1	Total asset value	0.2% (annual)
Management Fee2	Income before tax	8.0%
Acquisition Fee	Acquisition price	【Rental housing】 1.0% 【Healthcare】 1.5%
Transfer Fee	Transfer price	0.5%
Merger Fee	Succeeded asset value	1.0%

(As of March 31, 2023)

Same-boat investment in each investment corporation by the sponsor

Each Investment Corporation aims to increase unitholder value by aligning the interests of unitholders of each in corporation with the interests of the sponsor, Daiwa Securities Group.

(DOI)

Sponsor group	Number of units	Holding ratio
Daiwa Investment Management Inc.	128,905units	26.95%
Daiwa Securities group Inc.	67,321units	14.08%

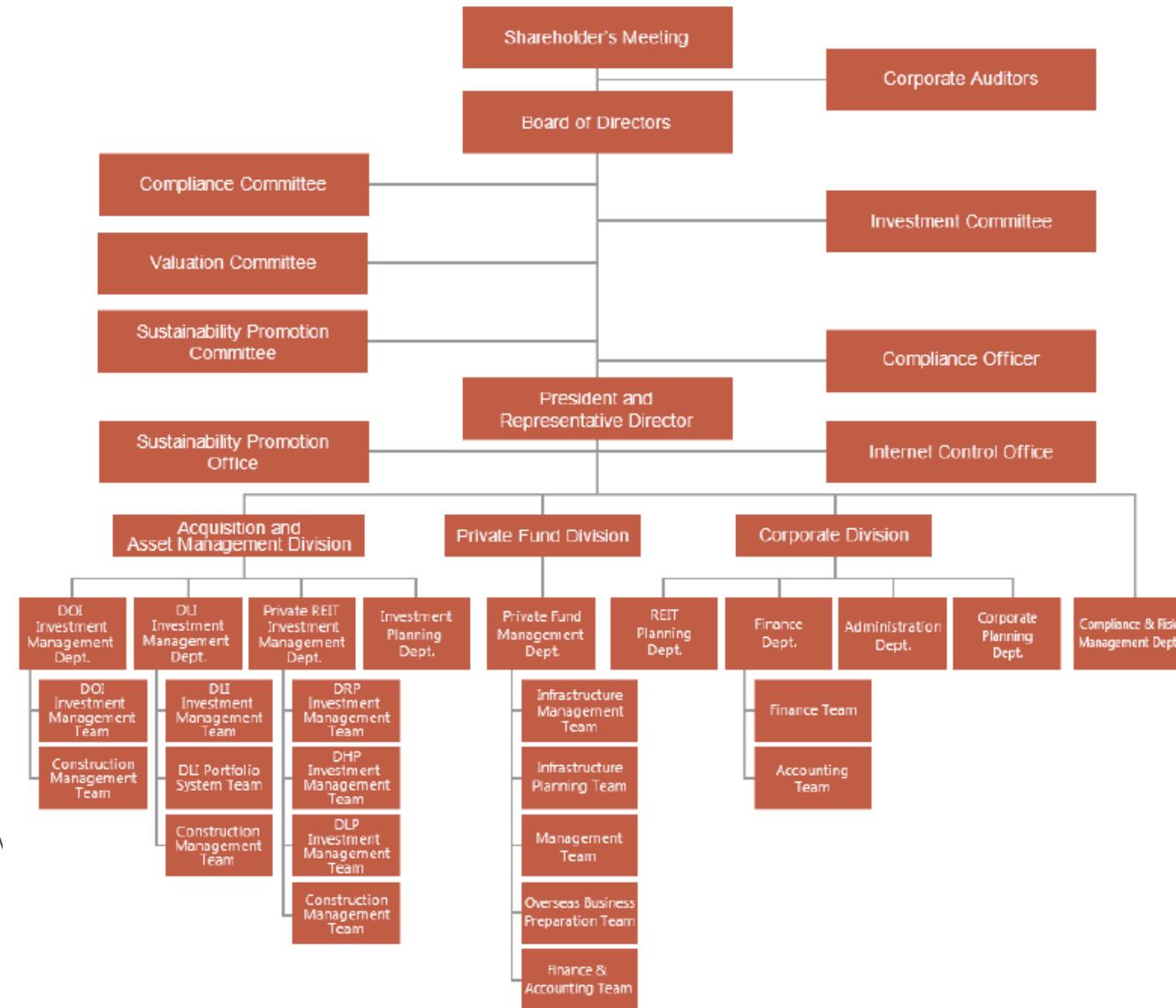
(As of November 30, 2022)

(DLI)

Sponsor group	Number of units	Holding ratio
Daiwa Securities group Inc.	346,915units	15.73%
Good Time Living Co.Ltd.	10,853units	0.49%

(As of March 31, 2023)

Investment Corporation Management Structure



Status of response to political contribution risk, bribery, and anti-corruption

classification	FY2020	FY2021	FY2022
Total amount of political donations	0	0	0
No. of cases of exposure related to fraud and corruption	0	0	0
No. of cases of punishment/dismissal related to fraud and corruption	0	0	0
Reconciliation cost of penalties/punishment related to fraud and corruption	0	0	0

Daiwa Office Investment Corporation

Daiwa Securities Living Investment Corporation

Daiwa Real Estate Asset Management Co.Ltd.