

November 11, 2021

For Immediate Release

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### Notice Concerning Issuance of Investment Corporation Bonds (Sustainability Bonds) and Prepayment of Short-Term Loans

Daiwa House REIT Investment Corporation (“DHR”) hereby announces that it decided today to issue investment corporation bonds (the “Sustainability Bonds”) based on the comprehensive resolution at the board of directors’ meeting held on October 15, 2021. DHR also announces that it decided to prepay short-term loans as described below.

#### 1. Overview of the investment corporation bonds

|                                       | 10-year bonds  | 15-year bonds  |
|---------------------------------------|--|--|
| (1) Name                              | Daiwa House REIT Investment Corporation 15th Unsecured Investment Corporation Bonds (with pari passu conditions among specified investment corporation bonds) (sustainability bonds) | Daiwa House REIT Investment Corporation 16th Unsecured Investment Corporation Bonds (with pari passu conditions among specified investment corporation bonds) (sustainability bonds) |
|                                       | Nickname: DHR Sustainability Bonds   |  |
| (2) Total issue amount                | 3,000 million yen  | 1,000 million yen  |
| (3) Form of bond certificate          | No bond certificates for the Sustainability Bonds will be issued subject to the provisions of the Act on Book-Entry Transfer of Company Bonds, Shares, etc.                          |  |
| (4) Issue price                       | 100 yen per value of 100 yen of each bond  |  |
| (5) Redemption price                  | 100 yen per value of 100 yen of each bond  |  |
| (6) Interest rate                     | 0.400% per annum   | 0.660% per annum   |
| (7) Denomination of each bond         | 100 million yen  |  |
| (8) Offering method                   | Public offering  |  |
| (9) Subscription period               | November 11, 2021 (Thursday)   |  |
| (10) Payment date                     | November 17, 2021 (Wednesday)  |  |
| (11) Collateral and guarantee         | No collateral or guarantee is provided for the Sustainability Bonds, and no asset is reserved as security specifically for the Sustainability Bonds.                                 |  |
| (12) Redemption method and date       | a. The total issue amount will be redeemed on November 17, 2031.   | a. The total issue amount will be redeemed on November 17, 2036.   |
|                                       | b. The Sustainability Bonds may be retired by purchase at any time after the payment date unless otherwise stipulated by the depository.   |  |
| (13) Interest payment date            | May 17 and November 17 every year<br>(In case such date is a bank holiday, the immediately preceding bank business day will be the date.)  |  |
| (14) Financial covenants              | Negative pledge clause is applicable.  |  |
| (15) Credit rating                    | AA (Japan Credit Rating Agency, Ltd.)  |  |
| (16) Fiscal, issuing and paying agent | Sumitomo Mitsui Trust Bank, Limited  | Sumitomo Mitsui Banking Corporation  |
| (17) Underwriters                     | SMBC Nikko Securities Inc.<br>Mizuho Securities Co., Ltd.  | SMBC Nikko Securities Inc.   |

## 2. Reason for the issuance

DHR decided to issue the Sustainability Bonds with an aim to expand the investor base as well as ensure stable fundraising methods along with further promoting ESG initiatives.

The Sustainability Bonds are to be issued as sustainability bonds based on the mechanism of the issuance of the sustainability bonds (sustainability finance framework) formulated by DHR as described in the press release “Notice Concerning Submission of Revised Shelf Registration Statement for Issuance of Sustainability Bonds” on October 15, 2021.

As a third-party assessment on the Sustainability Bonds, DHR received an evaluation rating of “SU 1”, the highest rating in the JCR Sustainability Bond Evaluation, from the Japan Credit Rating Agency, Ltd. (“JCR”).

## 3. Amount of funds to be procured, use of proceeds and scheduled outlay period

(1) Amount of funds to be procured (approximate net proceeds)  
3,969 million yen

(2) Use of proceeds and scheduled outlay period

DHR will allocate the proceeds on November 30, 2021 to prepay part of the short-term loans of 4,000 million yen scheduled for repayment on September 2, 2022. The short-term loans were originally borrowed to fund acquisition of GRANODE Hiroshima, which is an eligible sustainability asset.

## 4. Investors who declared investment in the Sustainability Bonds

Listed below are investors to date who declared their intention of investment in the Sustainability Bonds.

- Asahi Shimbun Credit Cooperative
- Mutual Aid Foundation for Japan Postal Group
- Credit Guarantee Corporation of Osaka
- The 77 Bank, Ltd.
- The Yamanashi Chuo Bank, Ltd.
- The Kita Osaka Shinkin Bank
- THE KOSAN SHINKIN BANK
- SHIZUOKA YAIZU SHINKIN BANK
- Suwa Shinkin Bank
- Mitsubishi Corporation Staff Union

## 5. Overview of the short-term loans to be prepaid

| Lender                              | Balance before prepayment (million yen) | Prepayment amount (million yen) | Balance after prepayment (million yen) | Interest rate (Floating) | Borrowing date    | Repayment due date | Prepayment date   |
|-------------------------------------|---|---------------------------------|--|--------------------------|-------------------|--------------------|-------------------|
| Sumitomo Mitsui Trust Bank, Limited | 1,000                                   | 1,000                           | 0                                      | 0.250% (Note)            | September 3, 2021 | September 2, 2022  | November 30, 2021 |
| Sumitomo Mitsui Banking Corporation | 1,000                                   | 1,000                           | 0                                      |                          |                   |                    |                   |
| MUFG Bank, Ltd.                     | 1,000                                   | 1,000                           | 0                                      |                          |                   |                    |                   |
| Mizuho Bank, Ltd.                   | 1,000                                   | 1,000                           | 0                                      |                          |                   |                    |                   |
| Total                               | 4,000                                   | 4,000                           | 0                                      | —                        |                   |                    |                   |

(Note) The stated interest rate is applicable for the period from October 29, 2021 to November 30, 2021.

The balance of 30 million yen between the prepayment amount of 4,000 million yen and the amount of funds to be procured of 3,969 million yen described in section 3. (1) above will be prepaid by cash on hand.

6. Status of interest-bearing debt after the issuance of the Sustainability Bonds and prepayment of the loans

(Unit: million yen)

|   | Before  | After   | Increase<br>(Decrease) |
|---|---------|---------|------------------------|
| Short-term loans                                | 4,000   | —       | (4,000)                |
| Current portion of long-term loans              | 45,858  | 45,858  | —                      |
| Long-term loans                                 | 323,700 | 323,700 | —                      |
| Total loans                                     | 373,558 | 369,558 | (4,000)                |
| Current portion of investment corporation bonds | 4,000   | 4,000   | —                      |
| Investment corporation bonds due after one year | 30,000  | 34,000  | 4,000                  |
| Investment corporation bonds                    | 34,000  | 38,000  | 4,000                  |
| Total interest-bearing debt                     | 407,558 | 407,558 | —                      |

7. Other

For the risks concerning issuance and redemption, etc. of the Sustainability Bonds, there are no changes from the Japanese language securities report submitted on May 28, 2021 and shelf registration supplements submitted today.

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