

July 20, 2018

For Immediate Release

REIT Issuer:

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Notice Concerning Issuance of Investment Corporation Bonds and Prepayment of Long-Term Loans

Daiwa House REIT Investment Corporation (“DHR”) hereby announces that it decided today to issue investment corporation bonds based on the comprehensive resolution at the board of directors’ meeting held on June 22, 2018 (the “Bonds”) and to prepay its long-term loans as described below.

1. Overview of the investment corporation bonds

	12-year bonds	20-year bonds
(1) Name	Daiwa House REIT Investment Corporation 7th Unsecured Investment Corporation Bonds (with pari passu conditions among specified investment corporation bonds)	Daiwa House REIT Investment Corporation 8th Unsecured Investment Corporation Bonds (with pari passu conditions among specified investment corporation bonds)
(2) Total issue amount	2,000 million yen	1,000 million yen
(3) Form of bond certificate	No bond certificates 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	0.690% per annum	1.030% per annum
(7) Denomination of each bond	100 million yen	
(8) Offering method	Public offering	
(9) Subscription period	July 20, 2018 (Friday)	
(10) Payment date	July 30, 2018 (Monday)	
(11) Collateral and guarantee	No collateral or guarantee is provided for the Bonds, and no assets are reserved as security specifically for the Bonds.	
(12) Redemption method and date	a. The total issue amount will be redeemed on July 20, 2030.	a. The total issue amount will be redeemed on July 30, 2038.
	b. The Bonds may be retired by purchase at any time after the payment date unless otherwise stipulated by the depository.	
(13) Interest payment date	January 30 and July 30 every year (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	
(17) Underwriters	Mizuho Securities Co., Ltd. SMBC Nikko Securities Inc. Daiwa Securities Co., Ltd. Nomura Securities Co., Ltd.	SMBC Nikko Securities Inc. Mizuho Securities Co., Ltd. Nomura Securities Co., Ltd. Daiwa Securities Co., Ltd.

2. Reason for the issuance

To lengthen and diversify debt maturities, fix interest rates, and diversify financing sources by funding part of prepayment of the long-term loans.

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

(1) Amount of funds to be procured (approximate net proceeds)

2,971 million yen

(2) Use of proceeds and scheduled outlay period

DHR will use the proceeds on July 31, 2018 to fund part of prepayment of the long-term loans scheduled for repayment on March 31, 2020.

4. Overview of the long-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	1,700	750	950	0.20364% (Note)	Sep. 30, 2016	Mar. 31, 2020	Jul. 31, 2018
MUFG Bank, Ltd.	2,700	750	1,950				
Sumitomo Mitsui Banking Corporation	1,700	750	950				
Mizuho Bank, Ltd.	1,700	750	950				
Resona Bank, Ltd.	800	0	800				
The Norinchukin Bank	500	0	500				
The Chiba Bank, Ltd.	500	0	500				
Shinsei Bank, Limited	300	0	300				
Total	9,900	3,000	6,900	—	—	—	—

(Note) The interest rate applicable for the period from June 29, 2018 to July 30, 2018.

The balance of 28 million yen between the prepayment amount of 3,000 million yen and the amount of funds to be procured of 2,971 million yen described in section 3. (1) above will be prepaid by cash on hand.

5. Status of interest-bearing debt after the issuance of the Bonds and prepayment of the long-term loans

(Unit: million yen)

	Before (as of July 20, 2018)	After (as of July 31, 2018)	Increase (Decrease)
Short-term loans	0	0	0
Current portion of long-term loans	11,600	11,600	0
Long-term loans	286,668	283,668	(3,000)
Total loans	298,268	295,268	(3,000)
Investment corporation bonds	16,000	19,000	3,000
Total interest-bearing debt	314,268	314,268	0

6. Other

For the risks concerning issuance and redemption, etc. of the Bonds, there are no changes from the Japanese language securities report submitted on May 25, 2018.

* Distribution of this material: This material is distributed to “Kabuto Club” (a media correspondents’ club at the Tokyo Stock Exchange), the press club at the Ministry of Land, Infrastructure, Transport and Tourism and the press club for construction trade newspapers at the Ministry of Land, Infrastructure, Transport and Tourism.

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