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For Immediate Release

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Notice Concerning Purchase of FIT Non-fossil Certificates

Daiwa House REIT Investment Corporation (“DHR”) hereby announces that DHR has purchased FIT non-fossil certificates in the renewable energy value trading market.

1. Renewable energy value trading market

As global efforts to decarbonize are accelerating, Japan has also declared itself to be carbon neutral by 2050, and in the electric power field, there is a growing need for electricity consumers to decarbonize the electricity they consume.

The trading of FIT ^(Note 1) non-fossil certificates ^(Note 2) started in 2018. In response to this trend, a review of the existing non-fossil value trading system started in early 2021, and the renewable energy value trading market was established in November 2021, allowing consumers to purchase renewable energy value (certificates) of electricity directly from the market at lower prices. While the auctions held in November 2021 and February 2022 were trial trades, further improvements to the system will be made as necessary for full-scale operation in the future, taking into account the trading conditions and other factors.

The trading of non-fossil certificates is expected to increase the demand for virtually renewable and CO₂-free electricity by making it more accessible. In addition, the proceeds from the sale of non-fossil certificates traded in the non-fossil value trading market will be used as a source of funds for the renewable energy generation promotion levy, which is expected to contribute to reducing the burden of the FIT system on the public.

(Note 1) Feed-in tariff for renewable energy

(Note 2) The “non-fossil value” of electricity generated by “non-fossil power sources (methods of producing electricity)” that do not use fossil fuels such as oil and coal is extracted and converted into certificates (“non-fossil certificates”).

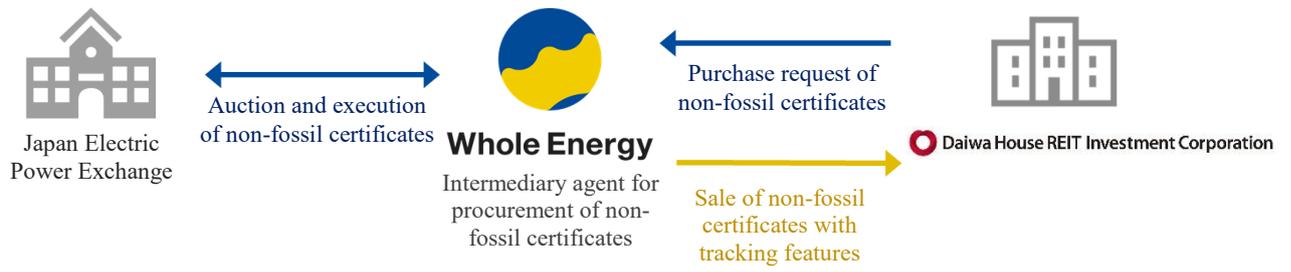
2. Purchase of FIT non-fossil certificates in the renewable energy value trading market

DHR, through the intermediary agent (Whole Energy Inc.), participated for the first time in the second auction for FY2021 of the renewable energy value trading market, which was the second trial trade that allowed purchase by consumers and intermediary agents, and procured 13 million kWh of FY2021 FIT non-fossil certificates (the “Procurement”).

The reduction effect of CO₂ emissions by the Procurement is expected to be approximately 5,629 tons (t-CO₂ equivalent), which is approximately 80% reduction ^(Note) in DHR’s electricity-derived greenhouse gas emissions (Scope 2) in FY 2021. In addition, DHR plans to purchase additional FIT non-fossil certificates in the third auction for FY2021 scheduled to be held in May 2022. Together with the introduction of 100% virtually renewable energy at the properties owned by DHR, DHR aims to offset all of the electricity-derived greenhouse gas emissions (Scope 2) in FY2021.

(Note) The estimated figures calculated based on the actual results for FY2020 are shown.

< Mechanism for procuring FIT non-fossil certificates by auction in the renewable energy value trading market >



3. DHR's future efforts

DHR will continue to make sustainability efforts based on the Sustainability Policy.

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