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For Immediate Release

REIT Issuer:

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Notice Concerning Issuance of Investment Corporation Bonds (Green 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 “Green Bonds”) based on the comprehensive resolution at the board of directors’ meeting held on April 16, 2020. DHR also announces that it decided to prepay short-term loans as described below.

1. Overview of the investment corporation bonds

	5-year bonds	10-year bonds	20-year bonds
(1) Name	Daiwa House REIT Investment Corporation 10th Unsecured Investment Corporation Bonds (with pari passu conditions among specified investment corporation bonds) (green bonds)	Daiwa House REIT Investment Corporation 11th Unsecured Investment Corporation Bonds (with pari passu conditions among specified investment corporation bonds) (green bonds)	Daiwa House REIT Investment Corporation 12th Unsecured Investment Corporation Bonds (with pari passu conditions among specified investment corporation bonds) (green bonds)
	Nickname: DHR Green Bonds		
(2) Total issue amount	2,400 million yen	1,600 million yen	1,000 million yen
(3) Form of bond certificate	No bond certificates for the Green 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	0.340% per annum	0.640% per annum	1.000% per annum
(7) Denomination of each bond	100 million yen		
(8) Offering method	Public offering		
(9) Subscription period	May 21, 2020 (Thursday)		
(10) Payment date	May 27, 2020 (Wednesday)		
(11) Collateral and guarantee	No collateral or guarantee is provided for the Green Bonds, and no asset is reserved as security specifically for the Green Bonds.		
(12) Redemption method and date	a. The total issue amount will be redeemed on May 27, 2025.	a. The total issue amount will be redeemed on May 27, 2030.	a. The total issue amount will be redeemed on May 25, 2040.
	b. The Green Bonds may be retired by purchase at any time after the payment date unless otherwise stipulated by the depository.		
(13) Interest payment date	May 27 and November 27 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.)		

	5-year bonds	10-year bonds	20-year bonds
(16) Fiscal, issuing and paying agent	Sumitomo Mitsui Banking Corporation	Sumitomo Mitsui Trust Bank, Limited	Sumitomo Mitsui Banking Corporation
(17) Underwriters	SMBC Nikko Securities Inc. Mizuho Securities Co., Ltd. Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.		

2. Reason for the issuance

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

The Green Bonds are to be issued as green bonds based on the mechanism of the issuance of the green bonds (green finance framework) formulated by DHR as described in the press release “Notice Concerning Submission of Revised Shelf Registration Statement for Issuance of Green Bonds” on May 12, 2020.

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

(Note) For details of “JCR Green Bond Evaluation”, please refer to the press release “Notice Concerning Submission of Revised Shelf Registration Statement for Issuance of Green Bonds” on May 12, 2020.

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

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

4,959 million yen

(2) Use of proceeds and scheduled outlay period

DHR will use the proceeds on May 29, 2020 to prepay part of the short-term loans of 5,000 million yen scheduled for repayment on April 1, 2021. The short-term loans were originally borrowed to fund additional acquisition of 70% quasi co-ownership interest of iias Tsukuba, which is an eligible green asset.

4. Investors who declared investment in the Green Bonds

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

- Aoi Mori Shinkin Bank
- Credit Guarantee Corporation of Osaka
- Daitokyo Shinyokumiai Credit Cooperative
- Hokuriku Labour Bank
- KIRYU SHINKIN BANK
- Lifenet Insurance Company
- Niigata credit union
- North Pacific Bank, LTD.
- Ryoubi Shinkumi
- THE ECHIZEN SHINKIN BANK
- The Komatsugawa Shinkin Bank
- The SAGAMI Shinkin Bank
- The Sugamo Shinkin Bank
- THE TOWA BANK, LTD.
- YOKOHAMA MINATOMIRAI21 CORPORATION

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 Banking Corporation	1,250	1,250	0	0.255% (Note)	April 1, 2020	April 1, 2021	May 29, 2020
Sumitomo Mitsui Trust Bank, Limited	1,250	1,250	0				
MUFG Bank, Ltd.	1,250	1,250	0				
Mizuho Bank, Ltd.	1,250	1,250	0				
Total	5,000	5,000	0	—			

(Note) The stated interest rate is applicable for the period from April 30, 2020 to May 28, 2020.

The balance of 40 million yen between the prepayment amount of 5,000 million yen and the amount of funds to be procured of 4,959 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 Green Bonds and prepayment of the short-term loans

(Unit: million yen)

	Before (as of May 21, 2020)	After (as of May 29, 2020)	Increase (Decrease)
Short-term loans	5,000	0	(5,000)
Current portion of long-term loans	6,500	6,500	—
Long-term loans	340,058	340,058	—
Total loans	351,558	346,558	(5,000)
Current portion of investment corporation bonds	3,000	3,000	—
Investment corporation bonds due after one year	22,000	27,000	5,000
Investment corporation bonds	25,000	30,000	5,000
Total interest-bearing debt	376,558	376,558	—

7. Other

For the risks concerning issuance and redemption, etc. of the Green Bonds, there are no changes from the security registration statement submitted on February 7, 2020.

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