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For Immediate Release

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Notice Concerning Debt Financing, Signing of Interest Rate Swap Agreement, and Repayment of Loans

Daiwa House REIT Investment Corporation (“DHR”) hereby announces that it decided today to conduct debt financing and signed the following interest swap agreement. DHR also decided repayment of loans as follows.

1. Reason for conducting the debt financing

DHR will conduct the debt financing on January 31, 2020 to repay its long-term loans of 18,910 million yen maturing on January 31, 2020 listed in section 5 below. DHR also aims to further diversify lenders and strengthen the lender formation by inviting The Yamaguchi Bank, Ltd. as a new lender.

2. Details of the debt financing

Category	Lender	Anticipated borrowing amount (million yen)	Interest rate	Borrowing period	Anticipated date of execution	Principal repayment date	Method of repayment	Collateral
Long-term	Development Bank of Japan Inc.	1,500	0.5913% (Fixed) (Note 1)	9.0 years	January 31, 2020	January 31, 2029	Bullet repayment	Unsecured and non-guaranteed
	Sumitomo Mitsui Banking Corporation; Aozora Bank, Ltd.; Sumitomo Mitsui Trust Bank, Limited; MUFG Bank, Ltd. (Note 2); Mizuho Bank, Ltd.; The Norinchukin Bank; Mizuho Trust & Banking Co., Ltd.; The Yamaguchi Bank, Ltd.	8,400	0.46449% (Fixed) (Note 3)	7.5 years		July 30, 2027		
	Sumitomo Mitsui Banking Corporation; Sumitomo Mitsui Trust Bank, Limited; Mizuho Trust & Banking Co., Ltd.; MUFG Bank, Ltd. (Note 2); Mizuho Bank, Ltd.	9,000	JBA 3-month Japanese yen TIBOR +0.40% (Floating) (Note 3) (Note 4) (Note 5)	10.0 years		January 31, 2030		
Total		18,900						

(Note 1) The first interest payment date is the last day of February 2020 and subsequent interest payment dates are the last day of the months of February and August and the principal repayment date (in case such date is not a business day, the following business day will be the interest payment date; however, in case this following business day falls into the following month, the immediately preceding business day will be the interest payment date).

(Note 2) The anticipated loans from MUFG Bank, Ltd. apply to “ESG Loans for J-REITs”. For details of the “ESG Loans for J-REITs”, please refer to the press release “Notice Concerning Acquisition of the Highest Rank of ‘S’ in ‘MUFG ESG Rating Certificate for J-REITs supported by JCR’” dated September 10, 2019.

(Note 3) The first interest payment date is the last day of February 2020 and subsequent interest payment dates are the last day of every three

months thereafter and the principal repayment date (in case such date is not a business day, the following business day will be the interest payment date; however, in case this following business day falls into the following month, the immediately preceding business day will be the interest payment date).

(Note 4) Base interest rate is the JBA 3-month Japanese yen TIBOR (Tokyo Interbank Offered Rate) at 11 a.m. as of two business days prior to the loan disbursement date and subsequently the latest interest payment date. For the JBA Japanese yen TIBOR, which is the base interest rate, please refer to the JBA TIBOR Administration website (<http://www.jbatibor.or.jp/english/rate/>).

(Note 5) Although the term loan agreement is based on a floating interest rate, the applied interest rate will be fixed by the interest rate swap agreement described in section 4 below.

3. Reason for signing the interest rate swap agreement

DHR signed the interest rate swap agreement in order to fix interest rate and hedge the risk of interest rate fluctuations of the anticipated loans of 9,000 million yen and borrowing period of 10.0 years.

4. Details of the interest rate swap agreement

Counterparty	Notional amount (million yen)	Interest rate (Note 1)		Contract agreement date	Contract period	
		Fixed interest rate payable	Floating interest rate receivable		From	To
Mizuho Bank, Ltd.	9,000	0.613% (Note 2)	JBA 3-month Japanese yen TIBOR +0.40%	January 29, 2019	January 31, 2020	January 31, 2030

(Note 1) The first interest payment date is the last day of April 2020 and subsequent interest payment dates are the last day of every three months thereafter and the principal repayment date (in case such date is not a business day, the following business day will be the interest payment date; however, in case this following business day falls into the following month, the immediately preceding business day will be the interest payment date).

(Note 2) The interest rate of the loans will be fixed at 0.613% in effect by this interest rate swap agreement.

5. Details of the long-term loans to be repaid

Category	Lender	Borrowing amount (million yen)	Interest rate	Borrowing period	Date of execution	Principal repayment date	Method of repayment	Collateral
Long-term	Development Bank of Japan Inc.	1,500	0.96375% (Fixed)	7.0 years	January 31, 2013	January 31, 2020	Bullet repayment	Unsecured and non-guaranteed
	Sumitomo Mitsui Trust Bank, Limited; Sumitomo Mitsui Banking Corporation; Aozora Bank, Ltd.; MUFG Bank, Ltd.; Mizuho Bank, Ltd.; Mizuho Trust & Banking Co., Ltd.; The Norinchukin Bank	17,410	0.9585% (Fixed)	7.0 years	January 31, 2013 and February 28, 2013			
Total		18,910						

The balance of 10 million yen between the repayment amount of 18,910 million yen and the amount of funds to be procured of 18,900 million yen described in section 1. above will be repaid by cash on hand.

6. Status of interest-bearing debt after the debt financing and repayment of loans

(Unit: million yen)

	Before (as of January 29, 2020)	After (as of January 31, 2020)	Increase / Decrease
Short-term loans	-	-	-
Current portion of long-term loans	26,810	11,400	(15,410)
Long-term loans	296,958	312,358	15,400
Total loans	323,768	323,758	(10)
Current portion of investment corporation bonds	3,000	3,000	-
Investment corporation bonds due after one year	22,000	22,000	-
Total investment corporation bonds	25,000	25,000	-
Total interest-bearing debt	348,768	348,758	(10)

7. Other

For the risks concerning this matter, there are no changes from the Japanese language securities report submitted on November 26, 2019.

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