

November 15, 2019

For Immediate Release

REIT Issuer:

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

Daiwa House REIT Investment Corporation (“DHR”) hereby announces that it decided today to issue investment corporation bonds (the “Bonds”) based on the comprehensive resolution at the board of directors’ meeting held on October 17, 2019. DHR also announces that it decided to prepay long-term loans as described below.

1. Overview of the investment corporation bonds

(1) Name	Daiwa House REIT Investment Corporation 9th Unsecured Investment Corporation Bonds (with pari passu conditions among specified investment corporation bonds) (green bonds) (nickname: DHR Green Bonds)
(2) Total issue amount	6 billion 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	0.530% per annum
(7) Denomination of each bond	100 million yen
(8) Offering method	Public offering
(9) Subscription period	November 15, 2019 (Friday)
(10) Payment date	November 25, 2019 (Monday)
(11) Collateral and guarantee	No collateral or guarantee is provided for the Bonds, and no asset is reserved as security specifically for the Bonds.
(12) Redemption method and date	The total issue amount will be redeemed on November 22, 2029. The Bonds may be retired by purchase at any time after the payment date unless otherwise stipulated by the depository.
(13) Interest payment date	May 25 and November 25 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	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 Bonds with an aim to expand the investor base as well as ensure stable fundraising methods along with further promoting ESG initiatives.

The 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 October 17, 2019.

As a third-party assessment on the Bonds as green bonds, DHR received an evaluation rating of “Green 1”, the highest rating in the JCR Green 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)

5,963 million yen

(2) Use of proceeds and scheduled outlay period

DHR will use the proceeds on November 29, 2019 to prepay part of the long-term loans of 10,000 million yen scheduled for repayment on November 29, 2019. The long-term loans were originally borrowed to fund acquisition of assets including D Project Machida, D Project Hachioji and D project Urayasu II, which are eligible green assets.

4. Investors who declared investment in the Bonds

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

- ADACHISEIWA SHINKIN BANK
- ASAHIKAWA SHINKIN BANK
- Credit Guarantee Corporation of Osaka
- Daitokyo Shinyokumiai Credit Cooperative
- Fuji Shinkin Bank
- Fujinomiya Shinkin Bank
- ICOM INCORPORATED
- Nishi-Chugoku Shinkin Bank
- NISHIHOGO SHINKIN BANK
- North Pacific Bank, Ltd.
- OITA-KEN CREDIT COOPERATIVE
- Ryoubi Shinyokumiai
- Sawayaka Shinkin Bank
- Shigaken Shinyokumiai
- Shikoku Labour Bank
- SUWA SHINKIN BANK
- TAJIMA SHINKIN BANK
- The Hanno-Shinkin Bank
- The Miyazaki Taiyo Bank, Ltd.
- The Yokohama Shinkin Bank
- Tokushima Shinkin Bank
- Tokyosankyo Shinkin Bank

5. 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	1,000	500	500	0.25727% (Note)	March 27, 2019	August 31, 2022	November 29, 2019
Sumitomo Mitsui Trust Bank, Limited	1,000	500	500				
MUFG Bank, Ltd.	1,000	500	500				
Mizuho Bank, Ltd.	1,000	500	500				
Sumitomo Mitsui Banking Corporation	1,500	1,000	500	0.30727% (Note)	April 10, 2019	October 31, 2022	
Sumitomo Mitsui Trust Bank, Limited	1,500	1,000	500				
MUFG Bank, Ltd.	1,500	1,000	500				
Mizuho Bank, Ltd.	1,500	1,000	500				
Total	10,000	6,000	4,000	—			

(Note) The interest rate is applicable for the period from October 31, 2019 to November 28, 2019.

DHR plans to fund prepayment of 6,000 million yen by conducting long-term debt financing. Details will be announced once determined.

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

(Unit: million yen)

	Before (as of November 15, 2019)	After (as of November 29, 2019)	Increase (Decrease)
Short-term loans	0	0	—
Current portion of long-term loans	36,810	36,810	—
Long-term loans	292,958	286,958	(6,000)
Total loans	329,768	323,768	(6,000)
Investment corporation bonds	19,000	25,000	6,000
Total interest-bearing debt	348,768	348,768	—

7. 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 30, 2019.

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