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For Immediate Release

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Notice Concerning Issuance of New Investment Units and  
Secondary Offering of Investment Units

Daiwa House REIT Investment Corporation (“DHR”) hereby announces that a resolution was passed at a board of directors meeting held on February 7, 2020 to issue new investment units and conduct a secondary offering of investment units. The details are as follows.

1. Issuance of new investment units through offering

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| (1) | Number of investment units to be offered | 121,000 units  |
| (2) | Issue price (offer price)                | Undetermined<br>The issue price (offer price) shall be determined at a meeting of the board of directors of DHR, by using the price calculated by multiplying the closing price in regular trading of the investment units of DHR (the “DHR investment units”) on the Tokyo Stock Exchange, Inc. on any day between Wednesday, February 19, 2020 and Wednesday, February 26, 2020 (the “Pricing Date”) (or when there is no closing price on that day, the closing price on the most recent day preceding that day) after deducting 6,040 yen as forecast distribution per unit of the fiscal period ending February 29, 2020 by a factor between 0.90 and 1.00 (and rounding down to the nearest yen) as the provisional price, in accordance with the method stated in Article 25 of the Regulations Concerning Underwriting, etc. of Securities provided by the Japan Securities Dealers Association, and then taking demand conditions and other factors into account. |
| (3) | Total issue price (offer price)          | Undetermined   |
| (4) | Amount to be paid in (issue value)       | Undetermined<br>The amount to be paid in (issue value) shall be determined at a meeting of the board of directors of DHR to be held on the Pricing Date, in accordance with the method provided in Article 25 of the Rules Concerning Underwriting, Etc. of Securities set forth by the Japan Securities Dealers Association.  |

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- (5) Total amount to be paid in (issue value) Undetermined
- (6) Method of offering The units are being offered concurrently in Japan and overseas
- 1) Japanese public offering  
The offering in Japan (the “Japanese Public Offering”) shall comprise a public offering in which all investment units subject to the Japanese Public Offering shall be purchased and underwritten by Japanese underwriters of which certain Japanese underwriters are the joint lead managers (collectively referred to as the “Joint Lead Managers”, and together with Japanese underwriter other than the Joint Lead Managers, the “Japanese Underwriters”).
  - 2) International offering  
The international offering (the “International Offering”) shall be an offering in markets outside of Japan, mainly in the United States, Europe and Asia. However, within the United States, the investment units will be offered only to qualified institutional buyers in reliance on Rule 144A under the U.S. Securities Act of 1933, as amended. The total amount of all investment units subject to the International Offering shall be purchased and underwritten severally and not jointly by international managers (the “International Managers”, and collectively with the Japanese Underwriters, the “Underwriters”).
- Furthermore, concerning the number of investment units pertaining to the respective offerings under 1) and 2) above, the offering is expected to be comprised of 82,600 units in the Japanese Public Offering and 38,400 units in the International Offering. The final allocations will be determined on the Pricing Date, taking into account demand conditions, among other factors, to the extent that the total number of units to be offered will not exceed the upper limit of 121,000 units. The Japanese Public Offering, the International Offering and the secondary offering through over-allotment stated in 2. below are led by the joint global coordinators (collectively referred to as the “Joint Global Coordinators”).
- (7) Details of underwriting agreement The Underwriters shall pay the amount equivalent to the total amount to be paid in (issue value) for the Japanese Public Offering and the International Offering to DHR on the payment date stated in (10) below. The difference between such amount and the total issue price (offer price) for the Japanese Public Offering and the International Offering shall be retained by the Underwriters. DHR shall pay no underwriting commission to the Underwriters.
- (8) Subscription unit 1 unit or more in multiples of 1 unit

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- (9) Subscription period (Japanese Public Offering) The subscription period shall be between the business day following the Pricing Date and the date that is two business days after the Pricing Date.
- (10) Payment date The payment date shall be Monday, March 2, 2020 or Tuesday, March 3, 2020. However, the payment date shall be Monday, March 2, 2020 if the Pricing Date is Wednesday, February 19, 2020, Thursday, February 20, 2020, Friday, February 21, 2020 or Tuesday, February 25, 2020, and the payment date shall be Tuesday, March 3, 2020 if the Pricing Date is Wednesday, February 26, 2020.
- (11) Delivery date The business day following the payment date stated in (10) above
- (12) The issue price (offer price), the amount to be paid in (issue value) and any other matters necessary for this issuance of new investment units shall be determined at a future meeting of the board of directors of DHR.
- (13) The above items concerning the Japanese Public Offering shall be subject to the condition that the registration under the Financial Instruments and Exchange Act takes effect.
- (14) The Japanese Underwriters plan to sell 2,000 units of the investment units of the Japanese Public Offering to Daiwa House Industry Co., Ltd. (the “Designated Party”) as the purchaser designated by DHR. The Designated Party is a unitholder of DHR, as well as a shareholder of DHR’s Asset Manager.

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## 2. Secondary offering (secondary offering through over-allotment)

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| (1) | Seller and number of investment units to be sold   | A Japanese Underwriter 9,000 units<br>The above number indicates the maximum number of investment units to be sold. The number may decrease, or the secondary offering through over-allotment itself may not take place at all, depending on demand conditions for the Japanese Public Offering, among other factors. The number of investment units to be sold shall be determined at a meeting of the board of directors of DHR to be held on the Pricing Date, taking into account demand conditions for the Japanese Public Offering, among other factors. |
| (2) | Selling price  | Undetermined<br>The selling price shall be determined on the Pricing Date. The selling price shall be the same as the issue price (offer price) for the Japanese Public Offering.  |
| (3) | Total selling price  | Undetermined   |
| (4) | Offering method  | Upon the Japanese Public Offering, a Japanese Underwriter, the bookrunner of the Japanese Public Offering, shall conduct a secondary offering of up to 9,000 units of DHR investment units which will be borrowed from the Designated Party taking into account demand conditions for the Japanese Public Offering, among other factors.   |
| (5) | Subscription unit  | 1 unit or more in multiples of 1 unit  |
| (6) | Subscription period  | The same as the subscription period as for the Japanese Public Offering  |
| (7) | Delivery date  | The business day following the payment date for the Japanese Public Offering   |
| (8) | The selling price and any other matters necessary for this secondary offering of investment units shall be determined at future meetings of the board of directors of DHR. |  |
| (9) | The above items shall be subject to the conditions that the registration under the Financial Instruments and Exchange Act takes effect.                                    |  |

## 3. Issuance of new investment units through third-party allotment

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| (1) | Number of investment units to be offered | 9,000 units   |
| (2) | Amount to be paid in (issue value)       | Undetermined<br>The amount to be paid in (issue value) shall be determined at a meeting of the board of directors of DHR to be held on the Pricing Date. The amount to be paid in (issue value) shall be the same as the amount to be paid in (issue value) for the Japanese Public Offering. |
| (3) | Total amount to be paid in (issue value) | Undetermined  |

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- (4) Allottee and number of investment units to be allotted A Japanese Underwriter 9,000 units
- (5) Subscription unit 1 unit or more in multiples of 1 unit
- (6) Subscription period (subscription date) Monday, March 23, 2020
- (7) Payment date Tuesday, March 24, 2020
- (8) The DHR investment units not subscribed by the subscription period (subscription date) stated in (6) above shall not be issued.
- (9) The amount to be paid in (issue value) and any other matters necessary for this issuance of new investment units shall be determined at future meetings of the board of directors of DHR.
- (10) The above items shall be subject to the condition that the registration under the Financial Instruments and Exchange Act takes effect.

<Reference>

1. Secondary offering through over-allotment, etc.

In connection with the Japanese Public Offering, a Japanese Underwriter, the bookrunner of the Japanese Public Offering, may conduct a secondary offering (secondary offering through over-allotment) of up to 9,000 units of DHR investment units which will be borrowed from the Designated Party, taking into account demand conditions, among other factors. The number of investment units to be sold in the secondary offering through over-allotment is planned to be 9,000 units; however, the number of investment units to be sold indicates the maximum number of investment units to be sold. The number may decrease, or the secondary offering through over-allotment itself may not take place at all, depending on demand conditions, among other factors.

In connection with the secondary offering through over-allotment, DHR adopted a resolution at a meeting of the board of directors of DHR held on Friday, February 7, 2020 to conduct an issuance of new investment units through third-party allotment of 9,000 units of DHR investment units with a Japanese Underwriter as the allottee (the “Third-Party Allotment”), setting Tuesday, March 24, 2020 as the payment date, for the purpose of having the Japanese Underwriter acquire the DHR investment units necessary to return the DHR investment units which will be borrowed from the Designated Party. (the “Borrowed Investment Units”).

In addition, during the period from the day following the date on which the subscription period for the Japanese Public Offering and secondary offering through over-allotment ends to Tuesday, March 17, 2020 (the “Syndicate Covering Transaction Period”), the Japanese Underwriter may purchase DHR investment units on the Tokyo Stock Exchange, Inc. up to the number of investment units of the secondary offering through over-allotment (the “Syndicate Covering Transactions”) for the purpose of returning the Borrowed Investment Units. All DHR investment units that the Japanese Underwriter acquires through the Syndicate Covering Transactions will be used to return the Borrowed Investment Units. During the Syndicate Covering Transaction Period, the Japanese Underwriter may, at its discretion, not conduct the Syndicate Covering Transactions at all, or terminate the Syndicate Covering Transactions before the number of investment units reaches the number of investment units of the secondary offering through over-allotment.

Moreover, the Japanese Underwriter may conduct stabilizing transactions in conjunction with the Japanese Public Offering and secondary offering through over-allotment.

The DHR investment units acquired through the stabilizing transactions may, in whole or in part, be used to return the Borrowed Investment Units. The Japanese Underwriter plans to acquire DHR investment units by

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accepting the allotment of the Third-Party Allotment for the number of investment units corresponding to the number of investment units acquired through stabilizing transactions and the Syndicate Covering Transactions that are to be used to return the Borrowed Investment Units is deducted from the number of investment units of the secondary offering through over-allotment. For this reason, the number of investment units to be issued through the Third-Party Allotment may not be subscribed in whole or in part and, as a result, the final number of investment units to be issued through the Third-Party Allotment may decrease by the same extent, or the issuance itself may not take place at all, due to forfeiture.

The transactions above shall be conducted by the Japanese Underwriter in consultation with the other Joint Lead Managers.

2. Changes in total number of investment units issued after the issuance of new investment units

Total number of investment units outstanding as of today	2,075,000 units
Increase in number of investment units associated with the issuance of new investment units through public offering	121,000 units
Total number of investment units outstanding after the issuance of new investment units through public offering	2,196,000 units
Increase in number of investment units associated with the Third-Party Allotment	9,000 units (Note)
Total number of investment units outstanding after the Third-Party Allotment	2,205,000 units (Note)

(Note) The number of investment units in the event that the Japanese Underwriter subscribes to all investment units to be issued through the Third-Party Allotment, and the issuance takes place.

3. Purpose and reason for the issuance

DHR believes that acquiring the specified assets (as defined in Article 2, Paragraph 1 of the Act on Investment Trusts and Investment Corporations; the same shall apply hereafter) (Note) would further enhance the stability of cash flow through expansion of its asset size and increase diversification of the portfolio, as well as secure stable revenues in the long term. DHR decided to issue new investment units considering market trends, financial stability, level of distributions per unit and other factors.

(Note) For details of the specified assets, please refer to the press release “Notice Concerning Acquisition and Leasing of Trust Beneficiary Interests in Domestic Real Estate” dated today.

4. Amount of funds to be procured, use of the funds and scheduled outlay period

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

34,315,450,000 yen (maximum)

(Note) The sum total amount of 21,803,509,000 yen in proceeds from the Japanese Public Offering, 10,136,256,000 yen in proceeds from the International Offering and 2,375,685,000 yen in maximum proceeds from the issuance of new investment units through the Third-Party Allotment. The above amount is the estimated amount calculated based on the closing price in regular trading of DHR investment units on The Tokyo Stock Exchange, Inc. as of Wednesday, January 29, 2020.

(2) Specific use of the funds to be procured and scheduled outlay period

Net proceeds to be procured through the Japanese Public Offering, the International Offering, and the Third-Party Allotment will be used to fund part of the acquisition of specified assets listed in the press release “Notice Concerning Acquisition and Leasing of Trust Beneficiary Interests in Domestic Real Estate” dated today. If there are any funds remaining, the funds will be used to reserve as cash to fund part of

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acquisition of specified assets or fund part of repayment of loans in the future.

(Note) The proceeds will be deposited with financial institutions until the funds are to be expensed.

5. Designation of distributee

The Japanese Underwriters plan to sell 2,000 units of the DHR investment units of the Japanese Public Offering to Daiwa House Industry Co., Ltd. as the purchaser designated by DHR. Daiwa House Industry Co., Ltd. is a unitholder of DHR, as well as a shareholder of DHR's Asset Manager.

6. Future prospects

Please refer to the press release "Notice Concerning Revision to Forecast of Results for the Fiscal Period Ending August 31, 2020 and Announcement of Forecast of Results for the Fiscal Period Ending February 28, 2021" dated today.

7. Restrictions on sale, additional issuance, etc.

(1) In connection with the Japanese Public Offering and the International Offering, DHR plans to request the Designated Party to agree with the Joint Global Coordinators and the Joint Lead Managers that it shall not transfer DHR investment units or enter into certain other transactions (except for lending of DHR investment units in connection with the secondary offering through over-allotment and certain other transactions) during the period beginning on the Pricing Date and ending on the date that is 180 days after the delivery date of the Japanese Public Offering without the prior written consent of the Joint Global Coordinators and the Joint Lead Managers.

The Joint Global Coordinators and the Joint Lead Managers are expected to have the authority to cancel such agreement, in whole or in part, at their discretion even during the above period.

(2) In connection with the Japanese Public Offering and the International Offering, DHR has agreed with the Joint Global Coordinators that it shall not conduct an issuance of DHR investment units or certain other transactions (except for the issuance of new investment units in connection with the Japanese Public Offering, the International Offering, the Third-Party Allotment, a split of investment units and certain other transactions) during the period beginning on the Pricing Date and ending on the date that is 90 days after the delivery date of the Japanese Public Offering without the prior written consent of the Joint Global Coordinators.

The Joint Global Coordinators have the authority to cancel such agreement, in whole or in part, at their discretion even during the above period.

\* 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: <https://www.daiwahouse-reit.co.jp/en/>

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