

Supplementary Material for Issuance of Sustainability-Linked Bonds Featuring the World's First Annual Performance Structure in the Public Bond Market

May 12, 2022

This supplementary material is based on the contents disclosed in the press release "Notice Concerning Issuance of Sustainability-Linked Bonds Featuring the World's First Annual Performance Structure in the Public Bond Market and Prepayment of Loans" dated May 12, 2022 and summarizes the related information.

This material includes forward-looking information that reflects the plans of Daiwa House REIT Investment Corporation ("DHR"). Actual figures may fluctuate and DHR cannot guarantee the forecasted figures.

- Sustainability-Linked Bonds (“SLBs”) are bond instruments for which the terms change depending on whether the issuer achieves pre-determined sustainability targets
- New initiative to reflect the results of sustainability efforts in the economic value of bond interest rates
- Further pursuing DHR's growth strategy to maximize unitholder value through growth in both business value and social value

**Business Value
(Economic Value)**

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**Social Value
(Non-Financial Value)**

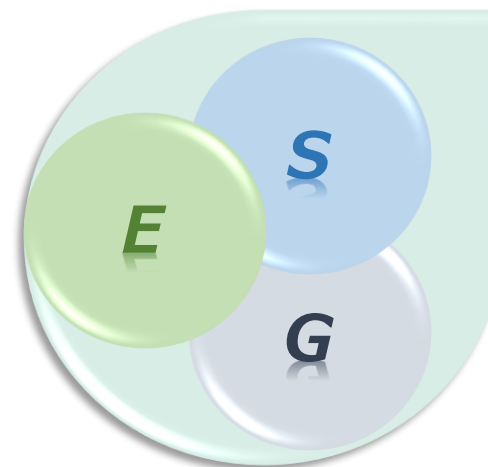
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**Maximization of
Unitholder Value**

**DHR's first issuance of SLBs
to pursue ESG strategies from the financial perspective**



Finance



- As DHR's sustainability initiatives for investment corporation bonds, DHR has issued green bonds related to the “Environment” elements since 2019 and sustainability bonds related not only to the “Environment” but also to “Social” elements in 2021. This new sustainability initiative in financing follows the above.
- The issuance of the SLBs is intended to further expand the investor base and secure stable instruments for funding by further promoting sustainability initiatives and responding to the demand from ESG investors.

Summary of DHR Sustainability-Linked Bonds 1/2

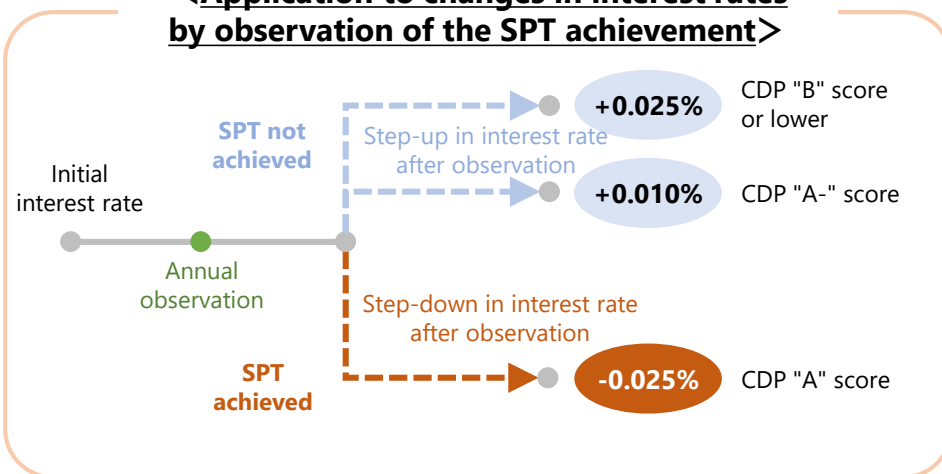
Summary

Name	Daiwa House REIT Investment Corporation 18th Unsecured Investment Corporation Bonds (sustainability-linked bonds) (Nickname : DHR Sustainability-Linked Bonds)
Issue Date	May 25, 2022 (planned)
Issue Amount/ Maturity	4.0 Billion yen / 7 years
SPT	To achieve the "A List" status, the highest evaluation, in the CDP Climate Change Program
Interest rate	Initial interest rate : 0.575% per annum (from the day immediately following May 25, 2022 through May 25, 2023) Interest rate after observation of SPT achievement : Interest rate based on achievement (after the day following May 25, 2023)

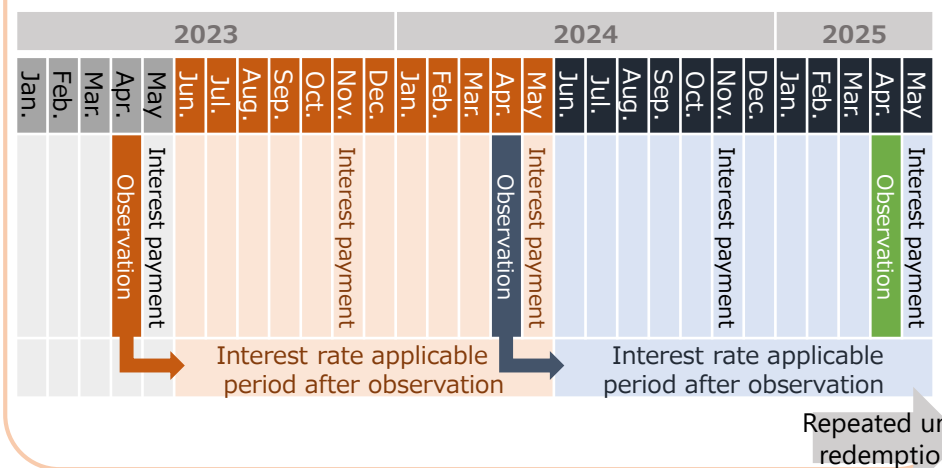
CDP score	Interest rate
A	0.550% per annum (Initial interest rate -2.5 bp)
A-	0.585% per annum (Initial interest rate +1 bp)
B/ B- / C/ C- / D/ D- / F	0.600% per annual (Initial interest rate +2.5 bp)

Structure

<Application to changes in interest rates by observation of the SPT achievement>



<Observation of SPT achievement status and schedule of application in applicable interest rate>



•SPT (Sustainability Performance Target): Predetermined sustainability targets

Summary of DHR Sustainability-Linked Bonds 2/2

