

August 18, 2022

For Immediate Release

Investment Corporation:  
 Daiwa House REIT Investment Corporation  
 2-4-8, Nagatacho, Chiyoda-ku, Tokyo  
 Toshiharu Asada, Executive Director  
 (TSE Code: 8984)

Asset Manager:  
 Daiwa House Asset Management Co., Ltd.  
 Koichi Tsuchida, President and CEO  
 Inquiries:  
 Koyu Asahina, General Manager,  
 Fund Management Department, Daiwa House REIT Division  
 TEL: +81-3-3595-1265

## Notice Concerning Debt Financing (Green Loan and Sustainability-Linked Syndicated Loan) and Debt Refinancing

Daiwa House REIT Investment Corporation (“DHR”) hereby announces that it decided today to conduct debt financing (the “Debt Financing”) and debt refinancing (the “Debt Refinancing”, in conjunction with the Debt Financing, collectively, the “Transaction”) as described below. As part of DHR’s efforts to pursue sustainability, a portion of the new borrowings concerning the Debt Financing are financed via sustainability-linked syndicated loan, the first of its kind in the J-REIT sector (the “Sustainability-Linked Loan”).

### 1. Details of the Debt Financing

#### (1) Details of borrowings

Category	Lender	Anticipated borrowing amount (million yen)	Interest rate	Borrowing period	Anticipated date of execution	Principal repayment date	Method of repayment	Collateral
Short-term	Sumitomo Mitsui Trust Bank, Limited (Green Loan) (Note 1)	1,000	JBA 1-month yen TIBOR +0.175% (Floating) (Note 2)	1.0 year	September 5, 2022	August 31, 2023	Bullet repayment	Unsecured and non-guaranteed
	Sumitomo Mitsui Banking Corporation (Green Loan) (Note 1)	1,000						
	MUFG Bank, Ltd. (Green Loan) (Note 1)	1,000						
	Mizuho Bank, Ltd. (Green Loan) (Note 1)	1,000						

Disclaimer: This announcement is prepared for the public disclosure of debt financing and debt refinancing of DHR and has not been prepared for the purpose of soliciting investment within or outside of Japan. This announcement does not constitute any offer of securities in the United States. The securities referred to have not been and will not be registered under the United States Securities Act of 1933, as amended (the “Securities Act”). The securities may not be offered or sold in the United States absent registration or an exemption from registration under the Securities Act. The securities referred to above will not be offered in the United States.

Category	Lender	Anticipated borrowing amount (million yen)	Interest rate	Borrowing period	Anticipated date of execution	Principal repayment date	Method of repayment	Collateral
Long-term	Sumitomo Mitsui Banking Corporation; Sumitomo Mitsui Trust Bank, Limited; Mizuho Bank, Ltd.; Development Bank of Japan Inc.; Aozora Bank, Ltd.; Resona Bank, Limited.; and Mizuho Trust & Banking Co., Ltd. (Green Loan) (Note 1) (Note 3)	6,000	TBD (Fixed) (Note 4)	6.1 years	September 5, 2022	September 29, 2028	Bullet repayment	Unsecured and non-guaranteed
	MUFG Bank, Ltd.; Mizuho Bank, Ltd. The Norinchukin Bank; Shinsei Bank, Limited; The Yamaguchi Bank, Ltd.; and Kansai Mirai Bank, Limited (Sustainability-Linked Loan) (Note 5)	4,000	TBD (Fixed) (Note 6)	9.1 years	September 5, 2022	September 30, 2031		
Total		14,000						

(Note 1) This debt financing is scheduled to be conducted as a green loan based on the green finance framework designed by DHR (the “Green Loan”). The green finance framework has received an evaluation as “Green 1 (F)”, the highest rating among “JCR Green Finance Framework Evaluation” by Japan Credit Rating Agency, Ltd. (“JCR”). The Green Loan is complied with “Green Loan Principles” which is an international guideline. The Green Loan has also received a preliminary evaluation as “Green 1” among “JCR Green Loan Evaluation” by JCR. For details of “JCR Green Loan Evaluation”, please refer to the JCR website (<https://www.jcr.co.jp/en/greenfinance/>).

(Note 2) Base interest rate is the JBA 1-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 (<https://www.jbatibor.or.jp/english/rate/>). The first interest payment date is the last day of September 2022 and subsequent interest payment dates are the last day of every month 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 3) This debt financing falls under the category of “SDGs Green Loan” provided by Sumitomo Mitsui Banking Corporation after its confirming the loan proceeds of which are to be used for eco-friendly green projects. For details of “SDGs Green Loan”, please refer to the Sumitomo Mitsui Banking Corporation website ([https://www.smbc.co.jp/hojin/financing/sdgs\\_loan/](https://www.smbc.co.jp/hojin/financing/sdgs_loan/)).

(Note 4) The interest rate will be announced once determined. The first interest payment date is the last day of November 2022 and subsequent interest payment dates are the last day of every 3 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 5) The interest rate changes annually, according to the degree of achievement of the Sustainability Performance Target (“SPT”) as follows: after the last day of April 2023, interest rates applicable on May 31 (the preceding business day if such date is not a business day) and thereafter will change according to the CDP score as of the last day of April each year.

SPT: To achieve the “A List” status (the highest valuation) in the CDP Climate Change Program

CDP score “A” (SPT achieved): Initial interest rate  $-0.01\%$

CDP score “A-” (SPT not achieved): Initial interest rate  $\pm 0.00\%$

CDP score “B” or lower (B/ B-/ C/ C-/ D/ D-/ F) (SPT not achieved): Initial interest rate  $+0.01\%$

With regard to this loan, DHR has obtained an external review from Japan Credit Rating Agency, Ltd. (“JCR”) in alignment with the “Green Loan and Sustainability Linked Loan Guidelines” issued by the Ministry of Environment of Japan and the Sustainability Linked Loan Principles (SLLP) issued by Loan Market Association (LMA), Asia Pacific Loan Market Association (APLMA) and Loan Syndications and Trading Association (LSTA). For details, please refer to the news release dated today published by JCR (<https://www.jcr.co.jp/release>).

(Note 6) The initial interest rate will be announced once determined. The interest rate applicable on May 31, 2023 and onwards will be announced at DHR’s website. The first interest payment date is the last day of November 2022 and subsequent interest payment

Disclaimer: This announcement is prepared for the public disclosure of debt financing and debt refinancing of DHR and has not been prepared for the purpose of soliciting investment within or outside of Japan. This announcement does not constitute any offer of securities in the United States. The securities referred to have not been and will not be registered under the United States Securities Act of 1933, as amended (the “Securities Act”). The securities may not be offered or sold in the United States absent registration or an exemption from registration under the Securities Act. The securities referred to above will not be offered in the United States.

dates are the last day of every 3 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).

## (2) Reason for conducting the debt financing

DHR will conduct the debt financing of short-term loans and long-term loans totaling 14,000 million yen, to use as part of the funds for acquiring the trust beneficiary interests of the anticipated acquisitions (four properties with a total anticipated acquisition price of 37,950 million yen), as announced today in the press release “Notice Concerning Acquisition of Trust Beneficiary Interests in Domestic Real Estate”, and other related expenses.

## (3) Purposes and backgrounds of Sustainability-Linked Loan

Daiwa House Asset Management Co., Ltd. (the “Asset Manager”), the asset manager to which DHR entrusts the management of its assets, shares the Daiwa House Group’s basic approach and considers that including consideration for environment, social and governance (hereinafter referred to as “ESG”) in its real estate investment management operations and advisory services contributes to ensuring stable revenue and steady growth of assets over the medium to long term. Based on the above, the Asset Manager has established the Sustainability Policy and conducts real estate investment management based on this policy.

The annual performance structure, under which interest rates change upwardly or downwardly according to the level of achievement of SPT, was adopted for Sustainability-Linked Bonds announced on May 12, 2022 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”, which is the world’s first case in the public bond market, for the purpose of ensuring fairness for both the issuer and investors. The same scheme is applied to this loan. DHR conducts financing via the scheme of syndicated sustainability-linked loan for the first time in the J-REIT sector. Several financial institutions plan to invest in Sustainability-Linked Loan in which an outcome of efforts to promote sustainability will be reflected into the economic value thereof, driven by growing interest in DHR as a front-runner in ESG initiatives in the J-REIT sector.

## 2. Details of the Debt Refinancing

### (1) Detail of the refinancing

Category	Lender	Anticipated borrowing amount (million yen)	Interest rate	Borrowing period	Anticipated date of execution	Principal repayment date	Method of repayment	Collateral
Long term	Nippon Life Insurance Company	1,000	TBD (Fixed) (Note)	4.4 years	September 9, 2022	January 29, 2027	Bullet repayment	Unsecured and non-guaranteed

(Note) The interest rate will be announced once determined. The first interest payment date is the last day of February 2023 and subsequent interest payment dates are the last day of every six 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).

### (2) Reason for refinancing

DHR will conduct the debt financing of 1,000 million yen via long-term borrowing to repay its long-term loans of 1,000 million yen maturing on September 9, 2022.

### (3) Detail of the long-term borrowings 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	Nippon Life Insurance Company	1,000	0.42894% (Fixed)	4.4 years	April 10, 2018	September 9, 2022	Bullet repayment	Unsecured and non-guaranteed

Disclaimer: This announcement is prepared for the public disclosure of debt financing and debt refinancing of DHR and has not been prepared for the purpose of soliciting investment within or outside of Japan. This announcement does not constitute any offer of securities in the United States. The securities referred to have not been and will not be registered under the United States Securities Act of 1933, as amended (the “Securities Act”). The securities may not be offered or sold in the United States absent registration or an exemption from registration under the Securities Act. The securities referred to above will not be offered in the United States.

### 3. Status of interest-bearing debt after the Transaction

(Unit: million yen)

	Before (as of August 18, 2022)	After (as of September 9, 2022)	Increase / Decrease
Short-term loans	-	4,000	4,000
Current portion of long-term loans	35,900	34,900	(1,000)
Long-term loans	329,650	340,650	11,000
Total loans	365,550	379,550	14,000
Current portion of investment corporation bonds	-	-	-
Investment corporation bonds due after one year	42,000	42,000	-
Total investment corporation bonds	42,000	42,000	-
Total interest-bearing debt	407,550	421,550	14,000

### 4. Other

For the risks concerning this Transaction, there are no changes from the security registration statement submitted on August 18, 2022.

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

Disclaimer: This announcement is prepared for the public disclosure of debt financing and debt refinancing of DHR and has not been prepared for the purpose of soliciting investment within or outside of Japan. This announcement does not constitute any offer of securities in the United States. The securities referred to have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"). The securities may not be offered or sold in the United States absent registration or an exemption from registration under the Securities Act. The securities referred to above will not be offered in the United States.