

July 26, 2023

For Immediate Release

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Notice Concerning Partial Changes to Asset Management Guidelines of Asset Manager

Daiwa House REIT Investment Corporation (“DHR”) hereby announces that Daiwa House Asset Management Co., Ltd. (the “Asset Manager”), the asset manager to which DHR entrusts the management of its assets, decided at a meeting of the board of directors held today to change part of the Asset Management Guidelines for Daiwa House REIT Investment Corporation (the “Asset Management Guidelines”), which are internal rules of the Asset Manager, as described below.

1. Reasons for change

The Asset Manager will make changes to the Asset Management Guidelines with regard to investment in development projects with an aim to secure further property acquisition opportunities for DHR. In addition, in order for DHR to focus more on investment in the core asset classes (logistics, residential, retail and hotel properties) centered on the properties owned or developed by the sponsor, Daiwa House Industry Co., Ltd., and the support companies, the Asset Manager will further clarify the investment policy for other asset classes.

2. Outline of change

(1) Development and reconstruction

Addition of real estate to be developed by DHR to major investment targets.

Addition of selection criteria for investment in development projects and reconstruction of existing properties in the portfolio.

(2) Portfolio management policy

Addition of the statement that investment in the core assets shall be given priority and DHR shall not make new investments in healthcare properties for the time being.

For details, please refer to the attachment “Changes in Asset Management Guidelines”.

3. Date of change

August 1, 2023 (planned)

4. Outlook

This matter will not have any impact on the financial results DHR for the fiscal period ending August 31, 2023 (from March 1, 2023 to August 31, 2023) and the fiscal period ending February 29, 2024 (from September 1, 2023 to February 29, 2024).

5. Other

DHR submitted today an extraordinary report to the Director-General of the Kanto Local Finance Bureau regarding this matter.

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

< Attachment >

Changes in Asset Management Guidelines

(Note) From the viewpoint of comparing the contents before and after changes, some parts not subject to change are also shown. Underlined parts indicate where changes were made.

Before changes	After changes																		
<p>Article 6 Basic Policy</p> <p>2. Our policy is to continuously increase unitholder value by ensuring stable revenue and steady growth of assets, through investment in and management of a wide range of real estate and other assets that meet the needs of society. We manage assets of DHR with quality real estate (including real estate under development) as major investment targets.</p>	<p>Article 6 Basic Policy</p> <p>2. Our policy is to continuously increase unitholder value by ensuring stable revenue and steady growth of assets, through investment in and management of a wide range of real estate and other assets that meet the needs of society. We manage assets of DHR with quality real estate (including real estate under development <u>and real estate to be developed by DHR</u>) as major investment targets.</p>																		
<p>Article 7 Portfolio Management Policy</p> <p>1. We manage assets of DHR with major investment focus on logistics, residential, retail and hotel properties (“Core Assets”). DHR is also able to invest in real estate of other asset classes (such as office buildings <u>and healthcare properties</u> (“Other Assets”).</p> <p>3. In asset management of DHR, investment ratio by asset class shall be as described in the exhibit “Investment Ratio by Asset Class”.</p>	<p>Article 7 Portfolio Management Policy</p> <p>1. We manage assets of DHR with major investment focus on logistics, residential, retail and hotel properties (“Core Assets”). DHR is also able to invest in real estate of other asset classes (such as office buildings (“Other Assets”). <u>In addition, investment in Core Assets shall be given priority, and DHR shall not make new investments in healthcare properties for the time being.</u></p> <p>3. In asset management of DHR, investment ratio by asset class shall be as described in the exhibit “Investment Ratio by Asset Class”. <u>If the investment target is land, the buildings (including the ones to be developed) on the land shall be referenced to determine the asset class.</u></p>																		
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<p>can be made even before the completion of the building, provided that the tenants after completion are deemed to be sufficiently secured and the risk of completion and delivery is deemed to be adequately controlled. In such cases, the individual risks of the project and the potential influence on the portfolio are considered before making a comprehensive decision on whether or not to proceed.</p> <p>Acquisition of properties yet to be occupied</p> <p>In regard to the properties yet to be occupied, the investment decision can be made, provided that the tenants after completion are deemed to be sufficiently secured. In such cases, the individual risks of the project and the potential influence on the portfolio are considered before making a comprehensive decision on whether or not to proceed.</p> <p><u>Large-scale repairs and renovations of existing properties in the portfolio</u></p> <p>If the tenants after <u>large-scale repairs and renovations</u> are deemed to be sufficiently secured and such work is deemed to contribute to value enhancement of the <u>existing property</u>, the investment decision on whether or not to proceed can be made only after confirming that the risk of completion and delivery is deemed to be adequately controlled, in addition to considering the potential influence on the portfolio during the work and after the completion.</p>	<p>can be made even before the completion of the building, provided that the tenants after completion are deemed to be sufficiently secured and the risk of completion and delivery is deemed to be adequately controlled. In such cases, the individual risks of the project and the potential influence on the portfolio are considered before making a comprehensive decision on whether or not to proceed.</p> <p><u>In the event that DHR acquires or leases land for development by itself or with third parties, constructs a building as a contractee of a contract for the construction of the building by itself or with third parties, and acquires all or part of such building, the investment decision can be made if the tenants after development are deemed to be sufficiently secured and it is deemed not to have an undue influence on the portfolio as a whole based on the careful assessment of the measures to handle risks related to approval and license, completion of construction work, tenants, price fluctuation, interest rate fluctuation during the development, and large-scale natural disasters.</u></p> <p>Acquisition of properties yet to be occupied</p> <p>In regard to the properties yet to be occupied, the investment decision can be made, provided that the tenants after completion are deemed to be sufficiently secured. In such cases, the individual risks of the project and the potential influence on the portfolio are considered before making a comprehensive decision on whether or not to proceed.</p> <p><u>Reconstruction and other matters of existing properties in the portfolio</u></p> <p>If the tenants after <u>reconstruction (including repairs and renovations which fall under the category of “acquisition of real estate” as defined in the Investment Trusts Act)</u> are deemed to be sufficiently secured and such work is deemed to contribute to value enhancement of the <u>portfolio</u>, the investment decision on whether or not to proceed can be made only after confirming that the risk of completion and delivery is deemed to be adequately controlled, in addition to</p>
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<p>Exhibit 4 “Selection Criteria for Investment Properties by Asset Class”</p> <p>Other Assets (Office buildings, <u>healthcare properties</u>, etc.)</p> <p>Considering that there are various types of Other Assets and that investment criteria and standards will vary in accordance with the different types of Other Assets, specific evaluation criteria and selection standards are not set for each type; investments to each of those properties will be decided upon comprehensive consideration of the regional characteristics arising from location-specific features, ease of securing alternative tenants, overall versatility of facilities, etc.</p>		<p>Exhibit 4 “Selection Criteria for Investment Properties by Asset Class”</p> <p>Other Assets (Office buildings, etc.)</p> <p>Considering that there are various types of Other Assets and that investment criteria and standards will vary in accordance with the different types of Other Assets, specific evaluation criteria and selection standards are not set for each type; investments to each of those properties will be decided upon comprehensive consideration of the regional characteristics arising from location-specific features, ease of securing alternative tenants, overall versatility of facilities, etc.</p>