

August 31, 2023

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 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 August 31, 2023 to approve a secondary offering of investment units of DHR (the “Secondary Offering”). The details are as follows.

Daiwa House Industry Co., Ltd. (“Daiwa House”), the sponsor and major unitholder of DHR, has decided to sell some of the investment units of DHR (the “DHR investment units”) it holds, with an aim to improve capital efficiency for the purpose of evolving a revenue model that realizes sustainable growth, as mentioned in its 7th Medium-Term Management Plan announced in May 2022. Daiwa House announced that proceeds from the Secondary Offering will be allocated to expanding real estate development investment, based on Daiwa House’s financial and investment strategies. Upon receipt of notification that Daiwa House decided to sell part of its stake in DHR, Daiwa House Asset Management Co., Ltd., the asset manager of DHR, held sincere discussions with Daiwa House on potential methods of sale. As a result of such discussions, the parties eventually chose the Secondary Offering as a method of sale, in order to offer a wide range of investors, including existing unitholders of DHR, fair opportunities for investment and dialogue.

Daiwa House has confirmed that it does not plan to sell any additional investment units and intends to continue to hold 91,200 units of DHR investment units in total (Note) after the Secondary Offering, to which a one-year lockup clause is applied. It is also confirmed that Daiwa House’s diversified support for DHR, including granting of preferential negotiation rights, will remain unchanged after the Secondary Offering. In addition, Daiwa House will hold 3.9% (Note) of DHR investment units after implementing the Secondary Offering, which will remain at an average level among J-REITs comparable to DHR in asset size.

DHR expects that proceeds from the Secondary Offering will be re-invested in development of prime assets based on Daiwa House’s value chain, which will eventually result in expansion of the potential pipeline of DHR. In addition, as in the past, DHR aims to continuously increase unitholder value with ensuring external growth and internal growth by utilizing the sponsor support from Daiwa House Group.

(Note) The number of DHR investment units held by Daiwa House and its ownership ratio after the Secondary Offering are based on the assumption that the Green Shoe Option (as described in “Reference 2. Secondary offering through over-allotment, etc.”) is exercised in full.

Disclaimer: This announcement is prepared for the public disclosure of the secondary offering of DHR investment units 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.

1. Secondary offering through purchase and underwriting by underwriters

- | | | |
|------|--|---|
| (1) | Seller and number of DHR investment units to be sold | Daiwa House 95,000 units |
| (2) | Selling price | Undetermined The selling 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 DHR investment units on Tokyo Stock Exchange, Inc. on any day between Thursday, September 7, 2023 and Tuesday, September 12, 2023 (the “Pricing Date”) (or when there is no closing price on that day, the closing price on the most recent day preceding that day) 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 selling price | Undetermined |
| (4) | Purchase price | Undetermined The purchase price 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. |
| (5) | Total purchase price | Undetermined |
| (6) | Method of selling | All DHR investment units shall be sold after purchasing and underwriting by underwriters of which certain underwriters are the joint lead managers (collectively referred to as the “Joint Lead Managers”, and together with underwriters other than the Joint Lead Managers, the “Underwriters”). Some of the DHR investment units purchased and underwritten may be offered to institutional investors in markets outside of Japan, mainly in Europe and Asia (excluding the United States and Canada). |
| (7) | Details of underwriting agreement | The Underwriters shall pay the amount equivalent to the total purchase price for the secondary offering through purchase and underwriting by underwriters to the seller on the delivery date stated in (11) below. The difference between such amount and the total selling price for the secondary offering through purchase and underwriting by underwriters shall be retained by the Underwriters. The seller shall pay no underwriting commission to the Underwriters. |
| (8) | Subscription unit | 1 unit or more in multiples of 1 unit |
| (9) | Subscription period | The subscription period shall be the business day following the Pricing Date. |
| (10) | Payment period for deposit in securities | The payment period for deposit in securities shall be between the business day following the Pricing Date and the date that is two business days after the Pricing Date. |

Disclaimer: This announcement is prepared for the public disclosure of the secondary offering of DHR investment units 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.

As stated at the beginning of this press release, the purpose of the Secondary Offering is to enable Daiwa House to improve capital efficiency and to allocate the proceeds from the Secondary Offering to the real estate development investment. DHR expects that proceeds from the Secondary Offering will be re-invested in development of Daiwa House's prime assets, which will eventually result in the expansion of the potential pipeline of DHR.

2. Secondary offering through over-allotment, etc.

In connection with the secondary offering through purchase and underwriting by underwriters, an Underwriter, the bookrunner of the Offering, may conduct a secondary offering through over-allotment of up to 5,000 units of DHR investment units which will be borrowed from Daiwa House, taking into account demand conditions, among other factors. The number of DHR investment units to be sold in the secondary offering through over-allotment is planned to be 5,000 units; however, the number of DHR investment units to be sold indicates the maximum number of DHR 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 and other factors.

In case the secondary offering through over-allotment takes place, Daiwa House will grant to an Underwriter an option to acquire additional DHR investment units (the "Green Shoe Option") up to the number of units offered by way of over-allotment, separately from the DHR investment units offered in the secondary offering through purchase and underwriting by underwriters, which shall be exercisable during the period from the delivery date of the secondary offering through purchase and underwriting by underwriters and of the secondary offering through over-allotment to Friday, October 6, 2023.

In addition, during the period from the day following the subscription period for the secondary offering through purchase and underwriting by underwriters and secondary offering through over-allotment to Wednesday, October 4, 2023 (the "Syndicate Covering Transaction Period"), the Underwriter may purchase DHR investment units on Tokyo Stock Exchange, Inc. up to the number of DHR investment units of the secondary offering through over-allotment (the "Syndicate Covering Transactions") for the purpose of returning the DHR investment units which will be borrowed from Daiwa House (the "Borrowed Investment Units"). All DHR investment units that the Underwriter acquires through the Syndicate Covering Transactions will be used to return the Borrowed Investment Units. During the Syndicate Covering Transaction Period, the Underwriter may, at its discretion, not conduct the Syndicate Covering Transactions at all, or terminate the Syndicate Covering Transactions before the number of DHR investment units reaches the number of DHR investment units of the secondary offering through over-allotment.

Moreover, the Underwriter may conduct stabilizing transactions in conjunction with the secondary offering through purchase and underwriting by underwriters and secondary offering through over-allotment. All or part of DHR investment units that the Underwriter acquires through the stabilizing transactions will be used to return the Borrowed Investment Units.

As aforementioned, any Borrowed Investment Units remaining unreturned after DHR investment units have been acquired through the Syndicate Covering Transactions and stabilizing transactions will be returned by the Underwriter through its exercise of the Green Shoe Option.

Whether or not the secondary offering through over-allotment is to be carried out, as well as the number of DHR investment units to be offered in such secondary offering, will be determined on the Pricing Date. In the event that the secondary offering through over-allotment is not to be carried out, none of the borrowing of the DHR investment units by the Underwriter from Daiwa House, granting of the Green Shoe Option from

Disclaimer: This announcement is prepared for the public disclosure of the secondary offering of DHR investment units 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.

Daiwa House to the Underwriter, or the Syndicated Covering Transactions at Tokyo Stock Exchange, Inc. will take place.

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

3. Restrictions on sale, additional issuance, etc.

(1) In connection with the secondary offering through purchase and underwriting by underwriters, Daiwa House has agreed with 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 purchase and underwriting by underwriters and the secondary offering through over-allotment, selling of DHR investment units based on the exercise of the Green Shoe Option and certain other transactions) during the period beginning on the Pricing Date and ending on the date that is one year after the delivery date of the secondary offering through purchase and underwriting by underwriters without the prior written consent of the Joint Lead Managers.

The Joint Lead Managers 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 secondary offering through purchase and underwriting by underwriters, DHR has agreed with the Joint Lead Managers 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 a split of DHR 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 secondary offering through purchase and underwriting by underwriters without the prior written consent of the Joint Lead Managers.

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

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

Disclaimer: This announcement is prepared for the public disclosure of the secondary offering of DHR investment units 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.