

August 31, 2023

For Immediate Release

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Notice Concerning Acquisition of Trust Beneficiary Interests in Domestic Real Estate

Daiwa House REIT Investment Corporation (“DHR”) hereby announces the decision made today by Daiwa House Asset Management Co., Ltd. (the “Asset Manager”), the asset manager to which DHR entrusts the management of its assets, for DHR to acquire the following assets (the “Anticipated Acquisitions”) as described below.

The decision to acquire D Project Kadoma I, one of the Anticipated Acquisitions, has been approved by the board of directors of DHR based on the Act on Investment Trust and Investment Corporations (Act No. 198 of 1951, as amended, the “Investment Trust Act”) and the Asset Manager’s voluntary rules concerning conflict of interest (a resolution of the board of directors of the Asset Manager and the approval by the board of directors of DHR are referred to as the “Resolution” hereinafter.).

1. Acquisition overview

(1) Anticipated Acquisitions

Property number	Real estate in trust (Property name)	Asset class	Location	Anticipated date of acquisition	Anticipated acquisition price (million yen) (Note 1)	Appraisal value (million yen) (Note 2)	NOI yield (Note 3)	NOI yield after depreciation (Note 4)
HO-007	MIMARU Tokyo Hatchobori	Hotel	Chuo Ward, Tokyo	September 1, 2023	5,114	5,480	4.0%	3.4%
LB-067	D Project Kadoma I	Logistics	Kadoma City, Osaka	October 2, 2023	3,120	3,450	6.4%	3.5%
Total / Average					8,234	8,930	4.9%	3.4%

(Note 1) Excluding such amounts as expenses related to acquisition, amounts equivalent to reimbursement of taxes and dues, etc., and amount equivalent to consumption taxes. As of today, the purchase agreements for the Anticipated Acquisitions have not yet been executed, and the anticipated acquisition price may not necessarily be the same as the actual purchase price.

(Note 2) Appraisal value as of June 30, 2023 for MIMARU Tokyo Hatchobori and as of July 31, 2023 for D Project Kadoma I.

(Note 3) “NOI yield” is represented by a figure calculated by dividing the stabilized net operating income, calculated by deducting operating expenses from operating income based on a direct capitalization method, as stated in the appraisal report (as of June 30, 2023 for MIMARU Tokyo Hatchobori and as of July 31, 2023 for D Project Kadoma I) (the “Net Operating Income” in Note 4 below), by an anticipated acquisition price. Average is calculated by weighted average of NOI yield based on anticipated acquisition price.

(Note 4) “NOI yield after depreciation” is calculated by dividing the figure, calculated by deducting depreciation estimated by the Asset Manager from the Net Operating Income in the appraisal report (as of June 30, 2023 for MIMARU Tokyo Hatchobori and as of July 31, 2023 for D Project Kadoma I), by an anticipated acquisition price. Average is calculated by weighted average of NOI yield after depreciation based on anticipated acquisition price.

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- (2) Planned date of execution of the purchase agreements : Please refer to below “7. Acquisition schedule”
- (3) Planned date of acquisition : Please refer to above table (1) “Anticipated date of acquisition”
- (4) Scheduled seller : Please refer to below “4. Scheduled seller profile”
- (5) Acquisition funds
- MIMARU Tokyo Hatchobori : Cash reserves
- D Project Kadoma I : Cash reserves and debt financing (Note)
- (6) Method of settlement : Payment of entire amount upon transfer
- (7) Brokerage : None

(Note) Please refer to the press release “Notice Concerning Debt Financing (Green Loan)” dated today.

2. Rationale for acquisition

Based on the targets and policies prescribed in DHR’s Articles of Incorporation, the Asset Manager decided for DHR to acquire the Anticipated Acquisitions having deemed that the acquisition would expand the asset size, further increase the stability of cash flow through increased portfolio diversification and secure stable revenues in the long term. For the details of the Anticipated Acquisitions, please refer to “3. Details of the Anticipated Acquisitions”.

3. Details of the Anticipated Acquisitions

The following tables provide an overview of the trust beneficiary interests in real estate that are the Anticipated Acquisitions. Furthermore, unless otherwise stated, descriptions in each column in the “Property number”, “Asset class”, “Type”, “Anticipated date of acquisition”, “Anticipated acquisition price”, “Overview of specified asset”, “Overview of building condition evaluation”, “Soil contamination inspector”, “Designer, structural designer, contractor and inspection agency”, “Overview of leasing”, “Special items” and “Property characteristics” for each property indicated below are prepared in accordance with the following definitions, and are based on the information available as of June 30, 2023.

- “Property number” is numbered to each property owned under each asset class. “HO” means hotel properties, and “L” means logistics properties. “LB” means built-to-suit type logistics properties, and “LM” means multi-tenant type logistics properties.
- “Asset class” shows the asset class categories under our portfolio composition based on the DHR’s investment policy.
- “Type” shows the type of respective uses as follows for respective Anticipated Acquisitions in accordance with types of investment destination based on the DHR’s investment policy.

<Logistics properties>

Type	BTS (Build-to-suit) type	Multi-tenant type
Description	Logistics properties customized to tenant needs, while maintaining general versatility to accommodate successor tenants in the future	Logistics properties located on sites suitable to the logistics needs of various businesses with optimal scale, grade and facilities for their respective site

- “Anticipated date of acquisition” shows the planned date of acquisition of the respective Anticipated Acquisitions approved by the Resolution, but such a date may be changed by mutual consent between DHR and the seller.
- “Anticipated acquisition price” shows the transaction price (excluding such amounts as expenses related to acquisition, amount equivalent to reimbursement of taxes and dues, etc., and amount equivalent to consumption taxes) of the respective Anticipated Acquisitions approved by the Resolution.
- “Trustee” is the trustee or the party that is scheduled to become the trustee of the respective Anticipated Acquisitions.
- “Trust maturity date” shows the trust maturity date for respective Anticipated Acquisitions defined or to be defined in the trust agreement which is scheduled to have teeth when DHR acquires.
- “Lot number” for location is the lot number as indicated in the register (only one location is indicated for properties that have several locations), and “Residence indication” for location is the residence indication of each property in trust as indicated in the register (for each property in trust without residence indication, the location of the building is as indicated in the register (only one location is indicated for properties that have several locations)).
- “Type of ownership” for the land and building indicates, for the respective Anticipated Acquisitions, the kind of rights held

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by the trustee or to be held by a party that is scheduled to become a trustee subject to a trust agreement which is scheduled to have teeth when DHR acquires.

- “Land area” is based on the descriptions in the registry, and may not match the present status.
- “Area classification” for the land indicates the type of zoning district depicted in Article 8, Paragraph 1, Item 1 of the City Planning Act (Act No. 100 of 1968, as amended) or the type of urban district classification depicted in Article 7 of the City Planning Act.
- “Building coverage ratio” for the land is the ratio of the building area of the building to the site area as stipulated in Article 53 of the Building Standards Act (Act No.201 of 1950, as amended) and is the maximum figure of the building coverage ratio determined by city planning in accordance with the zoning, etc. (designated building coverage ratio). Designated building coverage ratios may be relaxed / increased, or decreased, since the building is a fireproof building in a fire prevention district, or for other reasons. Therefore it may differ from the actual building coverage ratio to be applied.
- “Floor area ratio (FAR)” for the land is the ratio of the total floor area of the building to the site area as stipulated in Article 52 of the Building Standards Act and is maximum figure of the floor area ratio determined by city planning in accordance with the zoning, etc. (designated floor area ratio). Designated floor area ratios may be relaxed / increased, or decreased, since the width of the road adjacent to the site, or for other reasons. Therefore it may differ from actual floor area ratio to be applied.
- “Gross floor area” for the building is the sum total of each floor area recorded in the registry, excluding the areas of annex buildings, and may not match the present status.
- “Use” for the building shows the primary category described in the registry, and may not match the present status.
- “Structure” and “Number of floors” for the building are based on the descriptions in the registry, and excludes annex buildings.
- “Date of construction” for the building is the date of construction as written in the property registry of the main building.
- “Collateral” indicates the outline of the collateral for the respective Anticipated Acquisitions, if there is collateral scheduled to be borne by DHR after the acquisition.
- “Overview of building condition evaluation” is based on the descriptions in the engineering report prepared for the respective Anticipated Acquisitions.
- “Evaluation date” shows the date when the building condition evaluation report surveyed and prepared by the evaluation companies was prepared.
- “PML” represents the probable maximum loss from an earthquake as being the amount of probable loss of damage that may result from an earthquake having 0.21% annual exceedance probability (475-year return period) expressed as a percentage (%) of the replacement cost. (Note)
(Note) Replacement cost: Expenses that will be incurred if the existing building is to be newly constructed at the time of investigation.
- “Soil contamination inspector” is based on the descriptions in the engineering report prepared for the respective Anticipated Acquisitions.
- “Designer, structural designer, contractor and inspection agency” is based on the descriptions in the applications for building verification and applications for approval to change etc. for the Anticipated Acquisitions, and is described as the names of the companies at the time.
- “Overview of leasing” shows the content of respective lease agreements or lease reservation agreements as of August 31, 2023 for respective property in trust regarding the respective Anticipated Acquisitions. The items “Contract form”, “Contract period”, “Rent revision”, “Contract renewal” and “Early cancellation” are filled with the information about key tenants (of which leased area exceeds 50% of the leasable area of the whole building) for the portfolio assets. In the event that a pass-through type master lease agreement has been executed or is scheduled to be executed for each property in trust, the terms of a sublease agreement executed between a master lease company and a key end tenant. “Leased area (ratio to total leasable area)” is indicated only when there is more than one tenant (end tenant)”.
- “Leasable area” is the leasable area of the building (of the land, for land with leasehold interest properties) for each property in trust, and indicates the area which DHR recognizes to be leasable based on the lease agreements or lease reservation agreements or building drawings or other documents for the respective property in trust as of August 31, 2023.
- “Leased area” shows the leased area indicated in respective lease agreements or lease reservation agreements as of August 31, 2023 for respective property in trust regarding the respective Anticipated Acquisitions. However, if there is a master lease agreement or a planned master lease agreement concluded with the sublessee, it shows the leased area of end-tenants indicated in the sublease agreements concluded between the sublessee and end-tenants as of August 31, 2023 for respective property in trust regarding the respective Anticipated Acquisitions. Furthermore, as the respective lease agreements or lease reservation agreements may indicate leased area that includes portions not included in the gross floor area, the leased area may exceed the gross floor area. In particular, if eaves are included in the leased area for logistics

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facilities, the leased area may significantly surpass the gross floor area.

- “Occupancy rate” is the ratio of leased floor area to leasable floor area.
- “Number of tenants” indicates the number of tenants for each property of the Anticipated Acquisitions based on the lease agreements or lease reservation agreements, etc. as of August 31, 2023. However, “Number of tenants” enters the number of tenants as 1 if there is a master lease agreement or a planned master lease agreement concluded with the sublessee.
- “Annual rent” means the amount calculated by multiplying the monthly rent (excluding consumption taxes) of the building as indicated in respective lease agreement or lease reservation agreement in relation to each property in trust as of August 31, 2023 by 12 on an annual basis (as to properties in trust for which multiple lease agreements or lease reservation agreements are entered into, the total amount indicated in such lease agreements or lease reservation agreements). If a pass-through type master lease agreement is or is scheduled to be entered into, the annual rent is the amount calculated by multiplying the monthly rent (excluding consumption taxes) as indicated in each sublease agreement in relation to each property in trust as of August 31, 2023 by 12 on an annual basis (as to properties in trust for which multiple sublease agreements are entered into, the total amount indicated in such sublease agreements).
- “Tenant leasehold and security deposits” is calculated based on the leasehold and security deposits indicated in respective lease agreement or lease reservation agreement in relation to each property in trust as of August 31, 2023 (as to properties in trust for which multiple lease agreements or lease reservation agreements are entered into, the total amount indicated in such lease agreements or lease reservation agreements). If a pass-through type master lease agreement is or is scheduled to be entered into, leasehold and security deposits are those indicated in the sublease agreements of end-tenants as of August 31, 2023 (as to properties in trust for which multiple sublease agreements are entered into, the total amount indicated in such sublease agreements). Meanwhile, leasehold and security deposits that do not need to be returned to the tenant pursuant to the lease agreements or lease reservation agreements are excluded from this calculation.
- “Lease term” indicates what is specified in the respective lease agreements or lease reservation agreements as of August 31, 2023 for each property in trust (or, the sublease agreements concluded between the sublessee and end-tenants as of August 31, 2023, for each property in trust, in the event that a pass-through type master lease agreement has been executed or is to be executed with a master lease company).
- “Remaining lease term” indicates the period from the respective anticipated date of acquisition to the expiration of the lease term specified in the respective lease agreements or lease reservation agreements as of August 31, 2023 for each property in trust (or the sublease agreements concluded between the sublessee and end-tenants as of August 31, 2023 for each property in trust, in the event that a pass-through type master lease agreement has been executed or is to be executed with a master lease company).
- “Master lease company” is the lessee that has a blanket lease agreement concluded or scheduled to be concluded with the trustee for the purpose of re-letting to third parties.
- “Master lease type” shows either a “pass-through type” for those master lease agreements that DHR receives rents as-is, and “sublease type” for those master lease agreements that DHR receives a fixed amount of rent irrespective of the actual rent paid by the end-tenants. For a “pass-through type” DHR is entitled to receive rents when it is actually leased to an end-tenant.
- “Property management company” indicates the property management company consigned or scheduled to be consigned with property management services for respective property in trust.
- “Contract period” shows the contract period indicated in respective lease agreements or lease reservation agreements as of August 31, 2023 for respective property in trust.
- “Special items” presents matters recognized to be of importance in terms of the rights, use, etc. of respective Anticipated Acquisitions, as well as matters recognized to be of importance in consideration of the degree of impact on the appraised value, profitability and appropriation of assets, including the following matters:
 - (i) significant limitations or restrictions by laws, ordinances, rules and regulations;
 - (ii) significant burdens or limitations pertaining to rights, etc.;
 - (iii) significant cases where there are building, etc. crossing the boundaries of respective Anticipated Acquisitions without arrangements and cases where there are issues with boundary confirmation, etc.; and
 - (iv) significant agreements, arrangements, etc. made with co-owners or condominium unit owners.
- “Property characteristics” of hotel properties and logistics properties is written based on the major items, including the fundamental nature, characteristics, and special features of the located area of the respective Anticipated Acquisitions stated in the respective evaluation reports for the respective Anticipated Acquisitions prepared by CBRE K.K. or Japan Hotel Appraisal Co., Ltd. consigned from DHR of their evaluation. The evaluation of the respective Anticipated Acquisitions represents the judgment and opinion of the evaluation company, and does not guarantee the appropriateness and correctness of the statements.

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Property number	MIMARU Tokyo Hatchobori		Asset class	Hotel	
HO-007			Type	-	
Anticipated date of acquisition	September 1, 2023		Anticipated acquisition price	5,114 million yen	
Overview of specified asset					
Type of specified asset	Trust beneficiary interest in real estate				
Trustee	Sumitomo Mitsui Trust Bank, Limited		Trust maturity date	September 30, 2043	
Location	Lot number	3-8-4, Nihonbashi Kayabacho, Chuo Ward, Tokyo			
	Residence indication	3-8-8, Nihonbashi Kayabacho, Chuo Ward, Tokyo			
Land	Type of ownership	Ownership		Type of ownership	Ownership
	Land area	518.90 m ²		Gross floor area	3,665.15 m ²
	Area classification	Retail district		Use	Hotel
	Building coverage ratio	80% (Note 1)		Structure	Steel-frame building
	FAR	700% (Note 2)		Number of floors	11F
Collateral	None		Date of construction	February 27, 2019	
Overview of building condition evaluation					
Evaluation company	Tokio Marine dR Co., Ltd.				
Urgent repair costs	0 thousand yen		Evaluation date	July 2023	
Short-term repair costs	0 thousand yen		PML	1.9%	
Long-term repair costs	101,742 thousand yen / 12 years				
Soil contamination inspector					
Inspector	Tokio Marine dR Co., Ltd.				
Designer, structural designer, contractor, inspection agency					
Designer	g-mute Planning (office of Class-1 Architects) Co., Ltd.				
Structural designer	Area Tee Structural Design Co., Ltd.				
Contractor	DAIHO CORPORATION				
Inspection agency	Urban Housing Evaluation Center Co., Ltd.				
Structural calculation evaluation agency	-				
Overview of leasing					
Leasable area	3,665.15 m ²		Number of tenants	1	
Leased area	3,665.15 m ²		Annual rent	228,000 thousand yen	
Occupancy rate	100.0%		Tenant leasehold and security deposit	114,000 thousand yen	
Lease term	20.0 years		Remaining lease term	16.6 years	
Master lease company	Cosmos Initia Co., Ltd.				
Master lease type	Sublease type				
Property management company	Cosmos Initia Co., Ltd.				
Lessee	Cosmos Initia Co., Ltd.				
Contract form	Fixed-term building lease agreement				

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Contract period	From March 25, 2020 to March 24, 2040
Rent revision	Rent shall be fixed for ten years from the execution date of the master lease agreement, and shall be revised every two years upon consultation based on the amount calculated in accordance with a predetermined formula.
Contract renewal	No renewal; the lease agreement will end upon expiration of the lease period.
Early cancellation	Neither the lessor nor the lessee may cancel the master lease agreement before the expiration of 10 years from the start date of the master lease period (“noncancellation period”). However, the agreement shall be terminated upon expiration of six months after the cancellation request, provided that the lessor and the lessee announce in writing six months prior to the cancellation date and pay to the counterparty an amount equivalent to the master lease rent regarding the existing lease agreement (hotel part) for the remaining period until the end of the noncancellation period as a penalty fee for cancellation.

Special items

N/A

Property characteristics

■ **Location**

Favorable location with good access to popular tourist spots

The property is considered to have a great locational advantage as a hotel, as it is located an approximately three-minute walk from Hatchobori Station on JR Keiyo Line and Tokyo Metro Hibiya Line in a highly commercial downtown in which many restaurants and retail stores are located. The property also has good access to Tokyo Station, one of the most famous commercial districts in Japan, as well as popular tourist spots such as Tsukiji and Ginza.

■ **Property characteristics**

Apartment hotel suitable for medium- to long-term stays

The property is an apartment hotel with 74 guest rooms, a room area of 38m² or larger on average and all the guest rooms are equipped with a kitchen and can accommodate four or more people, catering to needs from inbound and domestic leisure travelers.

■ **Brand of the hotel**

Each hotel under the brand “MIMARU” is located within a five-minute walk from major urban stations and in close proximity to commercial and tourist attractions. All guest rooms have a mini-kitchen and dining space, with dishes and cooking utensils always available. The common areas are equipped with laundry and other facilities, offering convenience for medium-to long-term guests. Well-equipped rooms and multi-lingual staff also make the hotel brand highly competitive for the needs of inbound travelers, constituting the core of its customer universe.

(Note 1) While the building coverage ratio of the property is essentially 80%, it is set at 100% due to application of a fire-resistant building located in a fire-protection district.

(Note 2) While the FAR of the property is essentially 700%, it is reduced to 660% due to application of the width of the relevant front road.

Property number	D Project Kadoma I	Asset class	Logistics		
LB-067		Type	BTS type		
Anticipated date of acquisition	October 2, 2023	Anticipated acquisition price	3,120 million yen		
Overview of specified asset					
Type of specified asset	Trust beneficiary interest in real estate (Note 1)				
Trustee	Sumitomo Mitsui Trust Bank, Limited	Trust maturity date	October 31, 2043		
Location	Lot number	15, Kitajimahigashimachi, Kadoma City, Osaka			
	Residence indication	1-7, Kitajimahigashimachi, Kadoma City, Osaka			
Land	Type of ownership	Fixed-term land lease right, Fixed-term land sublease right	Building	Type of ownership	Ownership
	Land area	10,490.51 m ² (Note 2)		Gross floor area	10,843.77 m ²

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	Area classification	Quasi-industrial district		Use	Warehouse
	Building coverage ratio	60%		Structure	Steel-frame building
	FAR	200%		Number of floors	4F
Collateral		None		Date of construction	February 15, 2019
Overview of building condition evaluation					
Evaluation company		Tokio Marine dR Co., Ltd.			
Urgent repair costs		0 thousand yen	Evaluation date		July 2023
Short-term repair costs		0 thousand yen	PML (Note 3)		9.9%
Long-term repair costs		77,292 thousand yen / 12 years			
Soil contamination inspector (Note 3)					
Inspector		Tokio Marine dR Co., Ltd.			
Designer, structural designer, contractor, inspection agency					
Designer		Daiwa House Industry Co., Ltd.			
Structural designer		Daiwa House Industry Co., Ltd., ESPACE Architecture Office Co., Ltd.			
Contractor		Daiwa House Industry Co., Ltd.			
Inspection agency		JAPAN ERI CO., LTD.			
Structural calculation evaluation agency		-			
Overview of leasing					
Leasable area		12,194.39 m ²	Number of tenants		1
Leased area		12,194.39 m ²	Annual rent		Not disclosed (Note 4)
Occupancy rate		100.0%	Tenant leasehold and security deposit		Not disclosed (Note 4)
Lease term		20.0 years	Remaining lease term		15.4 years
Master lease company		-			
Master lease type		-			
Property management company		Daiwa House Property Management Co., Ltd.			
Lessee		YOSHINOYA HOLDINGS CO., LTD.			
Contract form		Fixed-term building lease agreement			
Contract period		Not disclosed (Note 4)			
Rent revision		Not disclosed (Note 4)			
Contract renewal		No renewal; the lease agreement will end upon expiration of the lease period.			
Early cancellation		Not disclosed (Note 4)			
Special items					
<p>1. The land of the property is consisted of the leased land and subleased land the land lease right holder and land sublease right holder of which are the trustee. Since a part of the subleased land (approximately 118 m²) is used as a parking space and no building exists on it, the trustee does not fulfill any perfection against a third party over the land sublease right over such portion.</p> <p>2. The fixed-term land lease right and fixed-term land sublease right are outlined as below: The lessor of the leased land and sublessor of the subleased land (the land lease right holder): Daiwa House Industry Co., Ltd., Lease period of the leased land and sublease period of the subleased land: 49 years and 9 months from March 1, 2018. If the land lease right over the leased land or land sublease right over the subleased land of the property is transferred, or if the leased land is subleased or subleased land is re-subleased, consent from the lessor of the leased portion of the land and the sublessor of the subleased portion of the land needs to be obtained.</p>					

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Property characteristics
<p>■ Key logistics infrastructure situated at a traffic hub with access to all directions including Osaka City This property has good access to key artery roads because of the location along Daini Keihan Road and National Route 1. This property is located within approximately 1.2km from Kadoma IC on Daini Keihan Road, enjoying traffic convenience for regional and inter-city delivery.</p> <p>■ Securing employment The property, located within walking distance from the nearest station, approximately 0.7km from Kadoma-minami Station on Osaka Metro Nagahori Tsurumi-ryokuchi Line, has good access to workforce from surrounding residential districts.</p> <p>■ Facility with automatic freezing/refrigerating warehouse It is a four-story logistics facility equipped with normal-temperature, automatic freezing/refrigerating and frozen storage warehouses, with specifications for efficient operation, with 3 cargo elevators and 2 vertical carriers, as well as truck berths on three sides at the 1st floor (including for normal- and low-temperature use) and 21 dock shelters.</p>

(Note 1) As of today, DHR plans to agree with the seller that, as of the same date with the acquisition date of the property, the seller will entrust the property to the above trustee, and the seller will transfer the trust beneficiary interest to DHR as of the same date.

(Note 2) DHR plans to acquire the building, and land leasehold and land subleasehold of the property. The above land area indicates the area to which such land lease right and land sublease right are established, excluding the area out of the scope of such land lease right and land sublease right even though it is included in the land under the lot number that includes the area to which such land lease right and land sublease right are established.

(Note 3) Based on the engineering report as of July 2022.

(Note 4) Not disclosed as consent for disclosure has not been obtained from the lessee.

4. Scheduled seller profile

(1) MIMARU Tokyo Hatchobori

(1) Name	Ricoh Leasing Company, Ltd.
(2) Location	4-1, Kioi-cho, Chiyoda Ward, Tokyo
(3) Representative	Tokuharu Nakamura, President and CEO
(4) Business activities	Leasing & Finance Business Services Business Investment Business
(5) Capital	7,896 million yen (as of March 31, 2023)
(6) Foundation date	December 21, 1976
(7) Net assets	211,708 million yen (as of March 31, 2023)
(8) Total assets	1,236,834 million yen (as of March 31, 2023)
(9) Major shareholder and shareholding ratio	Ricoh Company, Ltd. 33.67% Mizuho Leasing Company, Limited 19.98% The Master Trust Bank of Japan, Ltd. (Trust) 5.94% (as of March 31, 2023)
(10) Relationships with DHR and the Asset Manager	
Capital relationship	There is no capital relationship requiring disclosure between DHR/the Asset Manager and the scheduled seller.
Personnel relationship	There is no personnel relationship requiring disclosure between DHR/the Asset Manager and the scheduled seller.
Business relationship	There is no business relationship requiring disclosure between DHR/the Asset Manager and the scheduled seller.
Status of classification as related party	The scheduled seller is not a related party of DHR and the Asset Manager.

(2) D Project Kadoma I

(1) Name	Daiwa House Industry Co., Ltd.
(2) Location	3-3-5, Umeda, Kita Ward, Osaka City, Osaka
(3) Representative	Keiichi Yoshii, President and CEO

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(4)	Business activities	General contractor
(5)	Capital	161,845 million yen (as of March 31, 2023)
(6)	Foundation date	March 4, 1947
(7)	Net assets	2,388,914 million yen (as of March 31, 2023)
(8)	Total assets	6,142,067 million yen (as of March 31, 2023)
(9)	Major shareholder and shareholding ratio	The Master Trust Bank of Japan, Ltd. (Trust) 16.74% Custody Bank of Japan, Ltd. (Trust) 7.46% (as of March 31, 2023)
(10)	Relationships with DHR and the Asset Manager	
	Capital relationship	The scheduled seller holds 8.2% of DHR's investment units outstanding as of February 28, 2023. The scheduled seller also holds 100.0% of shares issued and outstanding of the Asset Manager as of today, and thus falls under the category of an interested party, etc. as defined in the Investment Trust Act.
	Personnel relationship	Of the officers and employees of the Asset Manager, 6 people have been seconded from the scheduled seller as of today.
	Business relationship	The scheduled seller is a consignee of property management and other services for DHR, and is a lessee of real estate owned by DHR. The scheduled seller has executed a new basic agreement regarding new pipeline support and other matters with DHR and the Asset Manager.
	Status of classification as related party	The scheduled seller is not a related party of DHR. The scheduled seller is a parent company of the Asset Manager and thus falls under the category of a related party of the Asset Manager.

5. Interested party transactions

The following companies are defined as interested parties, etc. in the Investment Trust Act: Cosmos Initia Co., Ltd. as the master lease and property management company of MIMARU Tokyo Hatchobori; Daiwa House Industry Co., Ltd. as the scheduled seller, the lessor and sublessor for D Project Kadoma I; Daiwa House Property Management Co., Ltd. as the property management company of D Project Kadoma I.

The Asset Manager has gone through the necessary discussion and resolution procedures in accordance with its internal rules regarding related party transactions.

6. Status of the scheduled seller

Property acquisitions from parties with particular interests are as follows. The table below notes (1) the name of the party; (2) the relationship with the party that has a particular interest; and (3) the backgrounds and reason for the acquisition.

Property name (Location)	Previous owner / trust beneficiary / sublessee	Owner before previous owner / trust beneficiary / sublessee before previous sublessee
	(1), (2), (3)	(1), (2), (3)
	Acquisition price	Acquisition price
	Acquisition date	Acquisition date
LB-067 D Project Kadoma I (1-7, Kitajimahigashimachi, Kadoma City, Osaka)	(1) Daiwa House Industry Co., Ltd. (2) The parent company of the Asset Manager (3) Acquisition for sale purposes(Note) 2,354 million yen October 2, 2023 (planned)	A party which does not have any particular interests — —

(Note) Daiwa House has developed the property jointly with a leasing company (the "Leasing Company") which has no conflict of interest with the Asset Manager. Daiwa House acquired the land ownership (the land leasehold for certain divisions) of the property, leased (or subleased) it to the Leasing Company and built the building as a contractor under the building construction contract, the contractee of which is the Leasing Company. As of today, Daiwa House has the land ownership (the land leasehold for certain divisions) of the property, and the Leasing Company has the land leasehold (the land subleasehold for certain divisions) of the land and the building ownership. The Leasing Company intends to transfer the trust beneficiary

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interest, trust properties of which are the land leasehold (the land subleasehold for certain divisions) of the land and the building ownership, to Daiwa House as of the anticipated date of acquisition at the sale price based on the contract between the Leasing Company and Daiwa House executed in 2019. Daiwa House intends to transfer such trust beneficiary interest to DHR as of the same day. Daiwa House will receive the difference between the anticipated acquisition price by DHR and the above acquisition price as profit.

7. Acquisition schedule

Property name	Acquisition decision date	Execution date of the purchase agreements	Date of payment and Delivery date
MIMARU Tokyo Hatchobori	August 31, 2023	September 1, 2023 (planned)	September 1, 2023 (planned)
D Project Kadoma I		September 29, 2023 (planned)	October 2, 2023 (planned)

8. Outlook

For the forecasts of results for the fiscal period ending February 29, 2024 (from September 1, 2023 to February 29, 2024) and the fiscal period ending August 31, 2024 (from March 1, 2024 to August 31, 2024) with the acquisition of the Anticipated Acquisitions factored in, please refer to the press release “Notice Concerning Revision to Forecast of Results for the Fiscal Period Ending February 29, 2024 and Announcement of Forecast of Results for the Fiscal Period Ending August 31, 2024” separately announced today.

9. Overview of property appraisal

“Overview of Property Appraisal” shows the overview of the real estate appraisal report of the Anticipated Acquisitions prepared by The Tanizawa Sōgō Appraisal Co., Ltd. or DAIWA REAL ESTATE APPRAISAL CO., LTD. regarding the appraisal consigned by DHR pursuant to the important notices on real estate appraisal based on the Investment Trust Act, and real estate appraisal standards and the Act on Real Estate Appraisal (Act No. 152 of 1963, as amended). The relevant appraisal report represents the judgment and opinion of the appraiser at a certain point, and does not guarantee the appropriateness and correctness of the statements and the possibility of trading at the appraisal value, etc. Furthermore, there is no relationship of special interest between The Tanizawa Sōgō Appraisal Co., Ltd. or DAIWA REAL ESTATE APPRAISAL CO., LTD. and DHR.

MIMARU Tokyo Hatchobori	
Appraisal value	5,480 million yen
Appraiser	The Tanizawa Sōgō Appraisal Co., Ltd.
Appraisal date	June 30, 2023

Item	Content	Basis
Value based on income method	5,480 million yen	Assessed the value based on income method using the value based on discount cash flow method by judging it is more convincing and also by verifying the value based on direct capitalization method.
Value based on direct capitalization method	5,620 million yen	Not disclosed (Note)
Operating revenue	-	
Effective gross revenue	-	
Loss from vacancy	-	
Operating expense	-	
Maintenance	-	
Utility cost	-	
Repair	-	
Property management Fee	-	
Advertisement and other leasing cost	-	

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	Tax	-	
	Insurance	-	
	Other cost	-	
	Net operating income (NOI)	206 million yen	
	Investment income of lump sum	-	Not disclosed (Note)
	Capital expenditure	-	
	Net cash flow (NCF)	202 million yen	
	Cap rate	3.6%	Assessed by comparing with multiple transaction yields in neighboring areas or similar areas with the same supply and demand, and also taking into account the expected future fluctuation of net cash flow, as well as the relationship with the discount rate.
	Value based on Discounted Cash Flow method	5,420 million yen	
	Discount rate	(from first to seventh year) 3.6% (from eighth year) 3.7%	Assessed by determining the real estate investment yield of the hotel using the accumulation method of yields of financial instruments and the case comparison method, and by taking into account the individual risk of the subject property to the base yield.
	Terminal cap rate	3.8%	Assessed based on the cap rate and by taking into account the prediction uncertainty of the future.
	Value based on cost method	5,420 million yen	
	Proportion of land	74.9%	
	Proportion of building	25.1%	
	Items applied to adjustments in valuation approach and the determination of the appraisal value		None

(Note) Consent has not been obtained from the lessee for disclosure of certain figures in relation to the direct capitalization method, including information that could be used to deduce these amounts. Disclosure of this information could damage the relationship with the lessee, potentially resulting in claims being brought against DHR for breach of confidentiality and/or termination and endangering the long-term contractual relationship. Therefore, DHR believes that disclosure of this information could be detrimental to unitholder value, and, except in certain instances where it was deemed that no harm would result from disclosure, these items are not disclosed.

D Project Kadoma I	
Appraisal value	3,450 million yen
Appraiser	DAIWA REAL ESTATE APPRAISAL CO., LTD.
Appraisal date	July 31, 2023

Item	Content	Basis
Value based on income method	3,450 million yen	Estimated the value based on the income method by verifying such value based on the direct capitalization method, based on the determination that the value based on the discounted cash flow method is more convincing
Value based on direct capitalization method	3,410 million yen	Not disclosed (Note)
Operating revenue	-	
Effective gross revenue	-	
Loss from vacancy	-	
Operating expense	-	
Maintenance	-	
Utility cost	-	
Repair	-	
Property management	-	

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Fee		
Advertisement and other leasing cost	-	
Tax	-	
Insurance	-	
Other cost	-	
Net operating income (NOI)	198 million yen	
Investment income of lump sum	-	Not disclosed (Note)
Capital expenditure	-	
Net cash flow (NCF)	195 million yen	
Discount rate	5.0%	Assessed by comprehensively taking into account upcoming changes in investment returns, risks associated with the property as an investment target, general prediction of economic growth rates, trends in real estate prices and other factors, in consideration of discount rates in the appraisal of J-REIT properties in the same supply-demand areas, etc., by reference to discount rates for similar transactions
Value based on Discounted Cash Flow method	3,460 million yen	
Discount rate (from the first year to tenth year)	4.8%	Assessed by taking into account prediction uncertainties and other differences due to the estimated ownership period of 10 years under the discounted cash flow method and other reasons, by reference to the discount rate based on the direct capitalization method
Discount rate (from the eleventh year to the expiry of the land lease agreement)	5.2%	Assessed by, upon consideration of potential increase in capital expenditure due to aging of the building, etc. and uncertainties in the market to sell and purchase logistics facilities and buildings with land leasehold, comprehensively taking into account upcoming changes in investment returns, risks associated with the property as an investment target, general prediction of economic growth rates, trends in real estate prices and all other applicable factors, by reference to prediction uncertainties during the period up to the expiry of the land lease
Value based on cost method	2,520 million yen	
Proportion of land	27.0%	
Proportion of building	73.0%	
Items applied to adjustments in valuation approach and the determination of the appraisal value		None

(Note) Consent has not been obtained from the lessee for disclosure of certain figures in relation to the direct capitalization method, including information that could be used to deduce these amounts. Disclosure of this information could damage the relationship with the lessee, potentially resulting in claims being brought against DHR for breach of confidentiality and/or termination and endangering the long-term contractual relationship. Therefore, DHR believes that disclosure of this information could be detrimental to unitholder value, and, except in certain instances where it was deemed that no harm would result from disclosure, these items are not disclosed.

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

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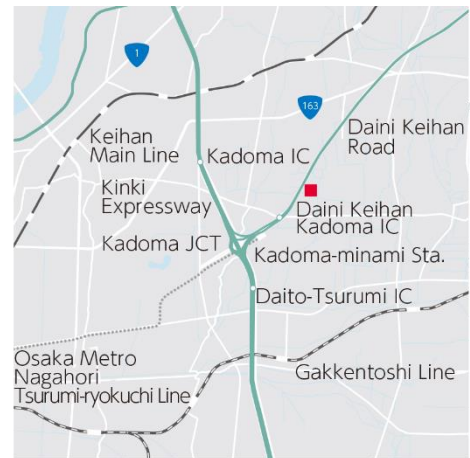
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1. Photograph, location map and environmental certification of the Anticipated Acquisitions

HO-007 MIMARU Tokyo Hatchobori



LB-067 D Project Kadoma I (BELS ★★★★★)



2. Portfolio status after the acquisition of the Anticipated Acquisitions

Asset class	Number of properties	(Anticipated) acquisition price (million yen)	Investment ratio (Note)
Logistics properties	67 properties	473,241	52.2%
Residential properties	129 properties	240,323	26.5%
Retail properties	23 properties	123,219	13.6%

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Hotel properties	7 properties	27,340	3.0%
Other assets	6 properties	41,660	4.6%
Portfolio Total	232 properties	905,783	100.0%

(Note) “Investment ratio” indicates the ratio of the (anticipated) acquisition price for each asset to the total (anticipated) acquisition price, rounded to the nearest tenth.

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