

April 16, 2024

For Immediate Release

Investment Corporation:
 Daiwa House REIT Investment Corporation
 2-4-8, Nagatacho, Chiyoda-ku, Tokyo
 Tsuyoshi Saito, 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 Disposition 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 dispose of the following properties (the “Anticipated Dispositions”) as described below (the “Disposition”).

1. Disposition overview

Property number	Property name	Asset class	Anticipated date of disposition	Anticipated sale price (million yen) (Note 1)	Anticipated book value (million yen) (Note 2)	Difference between anticipated sale price and anticipated book value (million yen)	Gain or loss on sale (million yen) (Note 3)	Appraisal value (million yen) (Note 4)
LB-038	D Project Tomisato	Logistics	August 30, 2024	5,970	4,523	1,446	1,430	5,970
LB-054	D Project Kaminokawa	Logistics	August 30, 2024	6,510	7,096	(586)	(604)	6,510
LB-021	D Project Kuki II	Logistics	September 2, 2024	10,100	7,743	2,356	2,330	10,100
Total				22,580	19,364	3,215	3,157	22,580

(Note 1) Excluding various expenses related to disposition, settlement money such as taxes and dues, and consumption taxes, etc.

(Note 2) Anticipated book value as of anticipated date of disposition.

(Note 3) Gain or loss on sale represents the forecast amount.

(Note 4) Appraisal value as of February 29, 2024.

- (1) Planned date of execution of the sale and purchase agreements : August 30, 2024
- (2) Buyer : DH Bridge 1 Godo Kaisha
- (3) Method of settlement : Payment of entire amount upon transfer
- (4) Brokerage : None

2. Disposition rationale

As part of the external growth strategy, DHR is promoting continuous property replacement in order to improve portfolio quality by enhancing profitability and rejuvenating portfolio age.

In March 2024, DHR acquired DPL Urayasu III, a multi-tenant type logistics property located in a prime location in the greater Tokyo area, as part of the property replacement strategy, while continuing sales activities of existing BTS type properties in the portfolio with the aim to improve portfolio quality.

The breakdown of the logistics properties in terms of acquisition price is 73.3% for BTS type and 26.7% for multi-tenant type as of today. Following the Disposition, the investment ratio of multi-tenant type logistics properties, which tend to have shorter period of lease agreements and thus are expected for more internal growth potential, will increase.

DH Bridge 1 Godo Kaisha, the buyer, is a limited liability company in which Daiwa House Industry Co., Ltd., our sponsor, is scheduled to invest. DHR is scheduled to sell the Anticipated Dispositions at each appraisal value over

the fiscal periods ending August 31, 2024 and February 28, 2025. The net proceeds of the Disposition will be reserved as cash on hand to use as part of the funds for repayment of interest-bearing debt, part of the funds for acquisition of assets, or other uses in the future.

3. Details of the Anticipated Dispositions

Overview of leasing is based on information as of February 29, 2024.

Property number		D Project Tomisato		Asset class		Logistics		
LB-038				Acquisition price		5,000 million yen		
Type of specified asset			Trust beneficiary interest in real estate					
Trustee			Sumitomo Mitsui Trust Bank, Limited					
Trust maturity date			April 30, 2037					
Location	Lot number		7-2, Misawa, Tomisato City, Chiba					
	Address		7-2, Misawa, Tomisato City, Chiba					
Land	Type of ownership		Ownership					
	Land area		18,791.02 m ²					
	Area classification		Exclusive industrial district					
	Building coverage ratio		60% (Note 1)					
	FAR		200%					
Building	Type of ownership		Ownership					
	Gross floor area		36,335.21 m ²					
	Use		Warehouse					
	Structure		Steel-frame and reinforced concrete building					
	Number of floors		6F					
	Date of construction		April 23, 2015					
Collateral			None					
Overview of leasing								
Leasable area		36,113.25 m ²		Number of tenants		1		
Leased area		36,113.25 m ²		Annual rent		Not disclosed (Note 2)		
Occupancy rate		100.0%		Tenant leasehold and security deposit		Not disclosed (Note 2)		
Historical occupancy rate	February 2022		August 2022		February 2023		August 2023	
	100.0%		100.0%		100.0%		100.0%	
Master lease company				—				
Master lease type				—				
Property management company				Daiwa House Property Management Co., Ltd.				
Lessee				Tokyo Nohin Daiko Co., Ltd.				

(Note 1) While the building coverage ratio of the property is essentially 60%, due to application of corner lot mitigation, it is set at 70%.

(Note 2) Not disclosed as consent for disclosure has not been obtained from the lessee.

Property number		D Project Kaminokawa		Asset class		Logistics	
LB-054				Acquisition price		7,900 million yen	
Type of specified asset			Trust beneficiary interest in real estate				
Trustee			Mitsubishi UFJ Trust and Banking Corporation				
Trust maturity date			April 30, 2038				
Location	Lot number		2568-1, Aza Minamihara, Oaza Tako, Kaminokawamachi, Kawachi District, Tochigi				
	Address		2568-1, Aza Minamihara, Oaza Tako, Kaminokawamachi, Kawachi District, Tochigi				
Land	Type of ownership		Ownership				
	Land area		33,135.15 m ²				
	Area classification		Industrial district				

	Building coverage ratio	60% (Note 1)			
	FAR	200%			
Building	Type of ownership	Ownership			
	Gross floor area	48,033.67 m ²			
	Use	Warehouse, workspace			
	Structure	Reinforced concrete and steel frame building			
	Number of floors	6F			
	Date of construction	December 24, 2010			
Collateral		None			
Overview of leasing					
Leasable area		52,239.75 m ²	Number of tenants		1
Leased area		52,239.75 m ²	Annual rent		Not disclosed (Note 2)
Occupancy rate		100.0%	Tenant leasehold and security deposit		Not disclosed (Note 2)
Historical occupancy rate	February 2022	August 2022	February 2023	August 2023	February 2024
	100.0%	100.0%	100.0%	100.0%	100.0%
Master lease company			—		
Master lease type			—		
Property management company			Daiwa House Property Management Co., Ltd.		
Lessee			LOGISTEED East Japan, Ltd.		
Special items	The easement is established for a part of the land of this property (covering 2,968.31m ²), with the land the lot number of which is 646-1, Aza-Mizukubo, Oaza-Inabago, Oyama City set as the dominant land. In such land under the easement, the height, etc. of structures and facilities is limited and the easement holder is allowed to enter into the relevant land for the purpose of installing and maintaining electric lines.				

(Note 1) While the building coverage ratio of the property is essentially 60%, due to application of corner lot mitigation, it is set at 70%.

(Note 2) Not disclosed as consent for disclosure has not been obtained from the lessee.

Property number		D Project Kuki II	Asset class	Logistics	
LB-021			Acquisition price	8,120 million yen	
Type of specified asset		Trust beneficiary interest in real estate			
Trustee		Sumitomo Mitsui Trust Bank, Limited			
Trust maturity date		March 31, 2034			
Location	Lot number	6201-1, Aza Kazarimen, Shobu-cho Sanga, Kuki City, Saitama			
	Address	6201-1, Aza Kazarimen, Shobu-cho Sanga, Kuki City, Saitama			
Land	Type of ownership	Ownership			
	Land area	44,676.26 m ²			
	Area classification	Exclusive industrial district			
	Building coverage ratio	50%			
	FAR	200%			
Building	Type of ownership	Ownership			
	Gross floor area	50,490.00 m ²			
	Use	Warehouse			
	Structure	Steel-frame and reinforced concrete building			
	Number of floors	3F			
	Date of construction	June 21, 2013			
Collateral		None			
Overview of leasing					
Leasable area		50,498.00 m ²	Number of tenants		1
Leased area		50,498.00 m ²	Annual rent		Not disclosed (Note)
Occupancy rate		100.0%	Tenant leasehold and security deposit		Not disclosed (Note)

Historical occupancy rate	February 2022	August 2022	February 2023	August 2023	February 2024
	100.0%	100.0%	100.0%	100.0%	100.0%
Master lease company			—		
Master lease type			—		
Property management company			Daiwa House Property Management Co., Ltd.		
Lessee			Yamato Transport Co., Ltd.		

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

4. Buyer profile

(1)	Name	DH Bridge 1 Godo Kaisha
(2)	Location	Yuwa Tax Corporation, 4-7-1, Iidabashi, Chiyoda Ward, Tokyo
(3)	Representative	Representative: General Incorporated Association Futawa Person who executes duties: Masanori Nakatsu
(4)	Business activities	(a) Acquisition, holding, and disposal of trust beneficiary interests in real estate (b) Sale and purchase, leasing, management, acquisition, holding, disposition, and use of real estate (c) All other businesses incidental or related to the above business
(5)	Capital	100,000 yen
(6)	Foundation date	March 29, 2024
(9)	Overview of investor (planned)	Daiwa House Industry Co., Ltd., and others
(10)	Relationships with DHR and the Asset Manager	
	Capital relationships	There is no capital relationship requiring disclosure between DHR/the Asset Manager and the subject company. Daiwa House Industry Co., Ltd., the parent company of the Asset Manager, is scheduled to invest in the subject company.
	Personnel relationship	There is no personnel relationship requiring disclosure between DHR/the Asset Manager and the subject company.
	Business relationship	There is no business relationship requiring disclosure between DHR/the Asset Manager and the subject company.
	Status of classification as related party	The subject company is not a related party of DHR/the Asset Manager. The subject company is a limited liability company in which Daiwa House Industry Co., Ltd., the parent company of the Asset Manager, is scheduled to invest.

5. Interested party transactions

DH Bridge 1 Godo Kaisha is a limited liability company with the aim to acquire, hold, and dispose of trust beneficiary interests in which Daiwa House Industry Co., Ltd., the parent company of the Asset Manager, is scheduled to invest and is an interested party under the internal rules regarding interested-party transactions adopted by the Asset Manager, but not an interested party defined in Article 201-2 (Note) under the Act on Investment Trusts and Investment Corporations (the “Investment Trusts Act”). The Asset Manager has gone through the necessary discussion and resolution procedures including the approval of the board of directors of DHR in accordance with its internal rules regarding interested-party transactions.

(Note) This refers to the article stipulated in Article 201-2 of the Investment Trust Act.

“If an asset management company invests assets as entrusted by a registered investment corporation, before dealings as referred to in Article 193, paragraph (1), item (i) through item (iv) (other than those that Cabinet Office Order prescribes as having only a minor influence on the assets of the registered investment corporation) come to be entered into between the registered investment corporation and an interested person or other close affiliate of the asset management company, the asset management company must first obtain the consent of the registered investment corporation.”

6. Disposition schedule

Property name	Disposition decision date	Execution date of the sale and purchase agreements	Date of payment and delivery date
D Project Tomisato	April 16, 2024	August 30, 2024 (planned)	August 30, 2024 (planned)
D Project Kaminokawa			August 30, 2024 (planned)
D Project Kuki II			September 2, 2024 (planned)

7. Outlook

For the forecasts of results for the fiscal periods ending August 31, 2024 and February 28, 2025 with the Disposition factored in, please refer to the “Financial Results for the Fiscal Period Ended February 29, 2024” announced today.

8. Overview of property appraisal

Property name	D Project Tomisato
Appraisal value	5,970 million yen
Appraiser	The Tanizawa Sōgō Appraisal Co., Ltd.
Appraisal date	February 29, 2024

Item	Content	Basis
Value based on income method	5,970 million yen	Estimated value based on income method by using value based on discount cash flow method, with value based on direct capitalization method used as a reference
Value based on direct capitalization method	6,030 million yen	
Operating revenue	-	Not disclosed (Note)
Effective gross revenue	-	
Loss from vacancy	-	
Operating expense	-	
Maintenance	-	
Utility cost	-	
Repair	-	
Property management Fee	-	
Advertisement and other leasing cost	-	
Tax	-	
Insurance	-	
Other cost	-	
Net operating income (NOI)	260 million yen	
Investment income of lump sum	-	Not disclosed (Note)
Capital expenditure	-	
Net cash flow (NCF)	253 million yen	
Cap rate	4.2%	Estimated by comparing with the multiple transaction yields in the neighboring areas or the similar areas of the same supply and demand, and also by taking into account the volatility of net cash flow in the future, considering the relationship with the discount rate
Value based on Discounted Cash Flow method	5,950 million yen	
Discount rate	(to 2nd year) 4.2% (from 3rd year) 4.3%	Estimated by the base yield of the warehouse, which is determined by build-up approach based on yields of financial products, and by taking into account specific risks related to the property
Terminal cap rate	4.4%	Estimated on the basis of capitalization rate, in consideration of the prediction uncertainty
Value based on cost method	5,310 million yen	
Proportion of land	32.4%	
Proportion of building	67.6%	
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.

Property name	D Project Kaminokawa
Appraisal value	6,510 million yen
Appraiser	The Tanizawa Sōgō Appraisal Co., Ltd.
Appraisal date	February 29, 2024

Item	Content	Basis
Value based on income method	6,510 million yen	Estimated value based on income method by using value based on discount cash flow method, with value based on direct capitalization method used as a reference
Value based on direct capitalization method	6,710 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	-	
Tax	-	
Insurance	-	
Other cost	-	
Net operating income (NOI)	377 million yen	
Investment income of lump sum	-	Not disclosed (Note)
Capital expenditure	-	
Net cash flow (NCF)	355 million yen	
Cap rate	5.3%	Estimated by comparing with the multiple transaction yields in the neighboring areas or the similar areas of the same supply and demand, and also by taking into account the volatility of net cash flow in the future, considering the relationship with the discount rate
Value based on Discounted Cash Flow method	6,430 million yen	
Discount rate	5.4%	Estimated by the base yield of the warehouse, which is determined by build-up approach based on yields of financial products, and by taking into account specific risks related to the property
Terminal cap rate	5.5%	Estimated on the basis of capitalization rate, in consideration of the prediction uncertainty
Value based on cost method	6,730 million yen	
Proportion of land	36.8%	
Proportion of building	63.2%	
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.

Property name	D Project Kuki II
Appraisal value	10,100 million yen
Appraiser	The Tanizawa Sōgō Appraisal Co., Ltd.
Appraisal date	February 29, 2024

Item	Content	Basis
Value based on income method	10,100 million yen	Estimated value based on income method by using value based on discount cash flow method, with value based on direct capitalization method used as a reference
Value based on direct capitalization method	10,700 million yen	
Operating revenue	-	Not disclosed (Note)
Effective gross revenue	-	
Loss from vacancy	-	
Operating expense	-	
Maintenance	-	
Utility cost	-	
Repair	-	
Property management Fee	-	
Advertisement and other leasing cost	-	
Tax	-	
Insurance	-	
Other cost	-	
Net operating income (NOI)	434 million yen	
Investment income of lump sum	-	Not disclosed (Note)
Capital expenditure	-	
Net cash flow (NCF)	426 million yen	
Cap rate	4.0%	Estimated by comparing with the multiple transaction yields in the neighboring areas or the similar areas of the same supply and demand, and also by taking into account the volatility of net cash flow in the future, considering the relationship with the discount rate
Value based on Discounted Cash Flow method	9,900 million yen	
Discount rate	(to 5th year) 4.0% (from 6th year) 4.1%	Estimated by the base yield of the warehouse, which is determined by build-up approach based on yields of financial products, and by taking into account specific risks related to the property
Terminal cap rate	4.2%	Estimated on the basis of capitalization rate, in consideration of the prediction uncertainty
Value based on cost method	9,000 million yen	
Proportion of land	51.0%	
Proportion of building	49.0%	
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/>

<Attachment>

Portfolio status after the Disposition

Asset class	Number of properties	Acquisition price (million yen)	Investment ratio (Note)
Logistics properties	65 properties	482,221	52.7%
Residential properties	129 properties	240,323	26.3%
Retail properties	23 properties	123,219	13.5%
Hotel properties	7 properties	27,340	3.0%
Other assets	6 properties	41,660	4.6%
Portfolio Total	230 properties	914,763	100.0%

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