Daiwa House REIT Investment Corporation

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For Immediate Release

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Notice Concerning Acquisition and Disposition of Trust Beneficiary Interests in Domestic Real Estate

Daiwa House REIT Investment Corporation ("DHR") hereby announces the decisions made today by Daiwa House Asset Management Co., Ltd. (the "Asset Manager"), the asset manager to which DHR entrusts the management of its assets, on the acquisition and disposition of assets by DHR (respectively the "Acquisition" and the "Disposition", and collectively the "Transactions") as described below.

1. Acquisition overview

Real estate in trust (Property name)	AMANEK Kumamoto
Property number	HO-008
Asset class	Hotel
Location	Kumamoto City, Kumamoto
Anticipated date of acquisition	December 22, 2026
Anticipated acquisition price (Note 1)	4,750 million yen
Appraisal value (Note 2)	5,300 million yen
NOI yield (Note 3)	5.3%
Anticipated date of execution of the sale and purchase agreement	July 31, 2025
Seller	Fuyo General Lease Co., Ltd.
Acquisition funds	To be decided (Note 4)
Method of settlement	Payment of entire amount upon transfer
Intermediary	None

(Note 1) "Anticipated acquisition price" is based on the sale and purchase price set forth in the trust beneficiary interest sale and purchase agreement related to the acquisition of AMANEK Kumamoto (the "Purchase Agreement"). The figure excludes such amounts as expenses related to acquisition, amounts equivalent to reimbursement of taxes and dues, etc., and amount equivalent to consumption taxes. The property is under development and scheduled to be completed in July 2026.

(Note 2) "Appraisal value" is as of July 1, 2025. Since the building was yet to be completed as of the date of value, an appraisal of the unfinished building in accordance with real estate appraisal standards was conducted.

(Note 3) "NOI yield" is represented by a figure calculated by dividing the net operating income, calculated by deducting operating expenses from operating revenue based on a direct capitalization method, as shown in the appraisal report with the appraisal date set as July 1, 2025 by an anticipated acquisition price.

(Note 4) DHR will announce the source of acquisition funds once determined.

2. Disposition overview

Real estate in trust (Property name)	D Project Machida	
Property number	LB-001	
Asset class	Logistics	
Location	Machida City, Tokyo	
Anticipated date of disposition	(1) August 29, 2025 (20% quasi co-ownership interest)	(2) September 1, 2025 (80% quasi co-ownership interest)
Anticipated sale price (Note 1)	11,700 million yen	
	(1) 2,340 million yen	(2) 9,360 million yen
Anticipated book value (Note 2)	8,878 million yen	
	(1) 1,775 million yen	(2) 7,102 million yen
Difference between anticipated sale price and anticipated book value	2,821 million yen	
	(1) 564 million yen	(2) 2,257 million yen
Gain or loss on sale (Note 3)	2,790 million yen	
	(1) 557 million yen	(2) 2,233 million yen
Appraisal value (Note 4)	11,600 million yen	
Anticipated date of execution of the sale and purchase agreement	August 20, 2025	
Buyer	DH Machida Project Godo Kaisha	
Method of settlement	Payment of entire amount upon transfer	
Intermediary	None	

(Note 1) "Anticipated sale price" excludes such amounts as expenses related to disposition, amounts equivalent to reimbursement of taxes and dues, etc., and amount equivalent to consumption taxes.
(Note 2) "Anticipated book value" is as of the anticipated date of disposition.
(Note 3) "Gain or loss on sale" represents the forecast amount.
(Note 4) "Appraisal value" is as of February 28, 2025.

3. Rationale for the Transactions

DHR has set a new growth target of "achieving 2% average annual growth in stabilized forecast DPU (Note)" since April 2025 and implemented the initiatives to strengthen internal growth and improve quality of our portfolio while also being attentive to capital cost. DHR will conduct the Transactions as part of this growth strategy.

For property acquisitions, DHR is pursuing opportunities to acquire hotel and residential properties with upside potential in future earnings through internal growth. AMANEK Kumamoto (the "Anticipated Acquisition") is a stay-only hotel to be completed in July 2026 and located in the largest downtown area in Kumamoto. DHR plans to acquire the Anticipated Acquisition in December 2026 after the opening of the hotel and the conclusion of a long-term lease agreement with AMANEK Corporation. On the back of the post-covid recovery in business-related demand and increasing inbound tourism demand, competition to acquire quality hotel properties is intensifying. DHR has judged that the acquisition of the Anticipated Acquisition, a newly built hotel property with high location advantage and future internal growth potential, will help secure acquisition opportunities, further increase the stability of cash flow and improve portfolio diversification. For the details of the Anticipated Acquisition, please refer to "Overview of leasing" and "Property characteristics" in "4. Details of the Anticipated Acquisition" below.

For property dispositions, DHR aims to dispose of the properties aged or considered at risk for a potential decrease in profitability, return the abundant gain on the properties to the unitholders, and improve the quality of our portfolio. This time, DHR will dispose of D Project Machida (the "Anticipated Disposition") which is an 18.8-year-old BTS type logistics property.

The breakdown of the logistics properties in terms of acquisition price is 72.2% for BTS type and 27.8% for multi-tenant type as of today. Following the Disposition, the investment ratio of multi-tenant type logistics properties, which tend to have shorter lease agreement periods and thus are expected for more internal growth potential, will increase to 28.4%. DHR will conduct the Disposition in line with our growth strategy to pursue higher rents and target a highly inflation-resistant portfolio.

DHR is scheduled to dispose of the Anticipated Disposition over the fiscal periods ending August 31, 2025 and February 28, 2026. DHR plans to return the gain on sale of the Disposition as distributions to unitholders and utilize the remainder of the net proceeds to such means as the repurchase of investment units depending on the investment unit price level, allocation of funds for the future property acquisitions, and renovation work at the existing properties to maximize unitholder value.

(Note) Stabilized forecast DPU (distributions per unit) represents forecast DPU adjusted for temporary factors such as acquisition and sale of properties during the period and property taxes to be expensed.

4. Details of the Anticipated Acquisition

Property number		AMANEK Kumamoto	Asset class	Hotel
HO-008			Type	-
Anticipated date of acquisition		December 22, 2026	Anticipated acquisition price	4,750 million yen
Overview of specified asset				
Type of specified asset		Trust beneficiary interest in real estate (Note 1)		
Trustee		To be decided (Note 1)		
Trust maturity date		To be decided (Note 1)		
Location	Lot number	2-1-9, Shimotori, Chuo Ward, Kumamoto City, Kumamoto		
	Residence indication	-		
Land	Type of ownership	Ownership		
	Land area	871.87 m^2		
	Area classification	Retail district		
	Building coverage ratio	80%		
	FAR	600%		
Building	Type of ownership	Ownership		
	Gross floor area	5,397.60 m^2 (Note 2)		
	Use	Hotel (Note 2)		
	Structure	Stel-frame building (Note 2)		
	Number of floors	12 floors (Note 2)		
	Date of construction	July 2026 (planned)		
Collateral		None		
Overview of building condition evaluation (Note 3)				
Soil contamination inspector				
Inspector		Tokio Marine dR Co., Ltd.		
Designer, structural designer, contractor, inspection agency				
Designer		Ohmoto Gumi Co., Ltd. Tokyo Headquarters Office of Class-1 Architects		
Structural designer		RitaX Inc.		
Contractor		Ohmoto Gumi Co., Ltd. Tokyo Branch		
Inspection agency		JCIA		
Structural calculation evaluation agency		-		
Overview of leasing (Note 4)				
Leasable area	5,397.60 m^2 (planned) (Note 5)		Number of tenants	1
Leased area	5,397.60 m^2 (planned) (Note 5)		Annual rent	Not disclosed (Note 6) (Fixed rent and variable rent)
Occupancy rate	100.0%		Tenant leasehold and security deposit	Not disclosed (Note 6)
Master lease company			-	
Master lease type			-	
Property management company			To be decided (Note 7)	

Lessee	AMANEK Corporation
Contract form	Fixed-term building lease agreement
Contract period	From July 22, 2026 to March 31, 2047 (planned) (Note 5)
Early cancellation	The lease agreement shall not be cancelled for 15 years from the start of the lease agreement. However, the lessee may cancel the lease agreement by paying pre-determined cancellation penalty if it wishes to.
Special items	
None	
Property characteristics	

■ Location

Kumamoto City enjoys stable demand for accommodation with limited seasonal fluctuation throughout the year. Demand for semiconductor-related business use due to the new entry of a semiconductor company in a nearby city of Kumamoto City and demand for leisure use including inbound tourism are increasing on top of traditional demand for business use with Kumamoto City being one of the major access points in Kyushu area. The property has a great location advantage as an access point to Kumamoto City and outside Kumamoto Prefecture, as it is located approximately a six-minute walk from "Karashimacho" tram stop on the Kumamoto City Tram downtown and in the vicinity of "Sunroad Shinshigai Arcade" which is the busiest downtown shopping street in Kumamoto and "Kumamoto Sakuramachi Bus Terminal" departure and arrival point for highway buses.

■ Property characteristics

The property is a stay-only hotel before completion and "AMANEK Kumamoto" operated by AMNEK Corporation is scheduled to move in as a tenant. The breakdown of 176 guest rooms by room type, with double rooms as a main room type and twin rooms (some for three people) representing approximately 22%, is competitive enough to meet demand for leisure and inbound tourism.

(Note 1) The Anticipated Acquisition is under development as of today and will be converted into a trust beneficiary interest at the time of completion scheduled in July 2026. DHR will agree in the Purchase Agreement with the seller that the seller will transfer the trust beneficiary interest in the Anticipated Acquisition to DHR as of the anticipated date of acquisition.
(Note 2) As the building is yet to be completed, descriptions are based on the application for building construction permission and certificate of confirmation of the Anticipated Acquisition.
(Note 3) As the building is yet to be completed, DHR will arrange building condition evaluation by a research company after completion and by the time DHR acquires the property.
(Note 4) "Overview of leasing" is based on the information anticipated as of the anticipated date of acquisition as indicated in the fixed-term building lease reservation agreement to succeed from the seller.
(Note 5) As the building is yet to be completed, "Leasable area", "Leased area", "Occupancy rate", and "Contract period" may be subject to change depending on the status of development.
(Note 6) Not disclosed as consent for disclosure has not been obtained from the lessee.
(Note 7) A property management agreement with a property management company is scheduled to be entered into by the time DHR acquires the property.

5. Details of the Anticipated Disposition

Property number	D Project Machida	Asset class	Logistics
LB-001		Acquisition price	9,200 million yen

Type of specified asset		Trust beneficiary interest in real estate
Trustee		Sumitomo Mitsui Trust Bank, Limited
Trust maturity date		November 30, 2032
Location	Lot number	2-1-6, Oyamagaoka, Machida City, Tokyo
	Address	2-1-6, Oyamagaoka, Machida City, Tokyo
Land	Type of ownership	Ownership
	Land area	33,860.49 m^2
	Area classification	Quasi-industrial district
	Building coverage ratio	60%
	FAR	200%
Building	Type of ownership	Ownership
	Gross floor area	50,490.34 m^2
	Use	Warehouse
	Structure	Steel-frame and reinforced concrete building
	Number of floors	5 floors
	Date of construction	October 1, 2006

Collateral	None				
Overview of leasing (Note 1)					
Leasable area	50,490.39 m^2		Number of tenants	1	
Leased area	50,490.39 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 2023	August 2023	February 2024	August 2024	February 2025
	100.0%	100.0%	100.0%	100.0%	100.0%
Master lease company			Mitsubishi HC Capital Inc.		
Master lease type			Pass-through type		
Property management company			Daiwa House Property Management Co., Ltd.		

(Note 1) "Overview of leasing" is based on the information as of June 30, 2025.
(Note 2) Not disclosed as consent for disclosure has not been obtained from the lessee.

6. Seller profile

(1)	Name	Fuyo General Lease Co., Ltd.
(2)	Location	5-1-1, Kojimachi, Chiyoda Ward, Tokyo
(3)	Representative	Hiroaki Oda, President and Chief Executive Officer
(4)	Business activities	General leasing business
(5)	Capital	10,532 million yen (as of March 31, 2025)
(6)	Foundation date	May 1, 1969
(7)	Net assets	531,213 million yen (as of March31, 2025)
(8)	Total assets	3,567,110 million yen (as of March 31, 2025)
(9)	Major shareholder and shareholding ratio	Hulic Co., Ltd. 13.95% The Master Trust Bank of Japan, Ltd. (Trust Account) 9.46% Meiji Yasuda Life Insurance Company 8.45% (as of March 31, 2025)
(10)	Relationships with DHR and the Asset Manager	
	Capital relationship	There is no capital relationship requiring disclosure between DHR/the Asset Manager and 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.

7. Buyer profile

(1)	Name	DH Machida Project Godo Kaisha
(2)	Location	Asuna Accounting Office, 1-3-7-401, Uchikanda, Chiyoda Ward, Tokyo
(3)	Representative	Representative: General Incorporated Association DH Machida Project Person who executes duties: Mitsuhiro Nakagaki
(4)	Business activities	(a) Acquisition, holding, and disposal of real estate (b) Leasing and management of real estate (c) Acquisition, holding, and disposal of trust beneficiary interests in real estate
(5)	Capital	100,000 yen (as of July 25, 2025)
(6)	Foundation date	June 23, 2025
(7)	Overview of investor (planned)	Daiwa House Industry Co., Ltd., and others
(8)	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.

8. Interested party transactions

DH Machida Project Godo Kaisha as the buyer of the Anticipated Disposition 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 an interested party under the internal rules regarding interested party transactions adopted by the Asset Manager, but not an interested party, etc. defined in Article 201-2 (Note) under the Act on Investment Trust and Investment Corporations (Act No. 198 of 1951, as amended, the "Investment Trust 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."

9. Acquisition schedule

Acquisition decision date	Execution date of the sale and purchase agreement	Date of payment and delivery date
July 25, 2025	July 31, 2025 (planned)	December 22, 2026 (planned)

10. Disposition schedule

Disposition decision date	Execution date of the sale and purchase agreement	Date of payment and delivery date
July 25, 2025	August 20, 2025 (planned)	August 29, 2025 (planned) (20% quasi co-ownership interest)
		September 1, 2025 (planned) (80% quasi co-ownership interest)

11. Impact on DHR's finance in the event of failure of fulfillment of the forward commitment, etc.

DHR will enter into the sale and purchase agreement for the trust beneficiary interest in the Anticipated Acquisition on July 31, 2025, in order to secure acquisition opportunities. The Purchase Agreement is a "forward commitment, etc." (Note) as defined in the "Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc." established by the Financial Services Agency.

Under the Purchase Agreement, if a party breaches the Purchase Agreement, then the non-breaching party may cancel the Purchase Agreement upon notice to the breaching party, but only if the non-breaching party is no longer able to fulfill the purpose of the Purchase Agreement due to the other party's breach. In the event the Purchase Agreement is cancelled by the seller of the Anticipated Acquisition due to DHR's breach before the execution date of the agreement, the seller may demand DHR as the buyer to pay a penalty. Details of the penalty is as follows.

(1) DHR as the buyer shall pay the seller a penalty equal to 20% of the sale and purchase price. The penalty shall be liquidated damages.

(2) The seller or the buyer can claim the breaching party for a penalty equal to 40% of the sale and purchase price, if either of them breaches the clause for the exclusion of anti-social forces.

In terms of fulfillment of obligations to pay the purchase price, DHR judges it is unlikely that DHR will need to pay the penalty by failing to obtain financing for the purchase price, considering the status of cash on hand as well as the maximum borrowing limit of 25 billion yen set by the commitment line agreement.

(Note) Forward commitment, etc. is a purchase and sale agreement executed one month or more in advance of the actual date on which the purchase price is paid and the property is transferred to the purchaser, as well as certain other similar contracts.

12. Outlook

The Acquisition will not have an impact on the forecast of operating results for the fiscal period ending August 31, 2025 (from March 1, 2025 to August 31, 2025) and the fiscal period ending February 28, 2026 (from September 1, 2025 to February 28, 2026) since DHR is scheduled to acquire the Anticipated Acquisition, which is currently under development and yet to be completed, on December 22, 2026.

In the meantime, DHR has revised the forecast of operating results and distributions for the fiscal periods ending August 31, 2025 and February 28, 2026 to factor in the Disposition and the split of DHR investment units to be effective on September 1, 2025, as described in the press release "Notice Concerning Investment Unit Split and Partial Amendment of Articles of Incorporation" announced today. For details, please refer to the press release "Notice Concerning Revision to Forecast of Results and Distributions for the Fiscal Periods Ending August 31, 2025 and February 28, 2026" announced today.

13. Overview of property appraisal of the Anticipated Acquisition

Property name	AMANEK Kumamoto
Appraisal value	5,300 million yen
Appraiser	The Tanizawa Sōgō Appraisal Co., Ltd.
Appraisal date	July 1, 2025

Item	Content	Basis
Value based on income method	5,300 million yen	Estimated the value based on income method by using the value based on discount cash flow method as the standard and verifying it with the value based on direct capitalization method
Value based on direct capitalization method	5,410 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)	252 million yen	
Investment income of lump sum	-	Not disclosed (Note)
Capital expenditure	-	
Net cash flow (NCF)	248 million yen	
Cap rate	4.6%	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 considering the volatility of net cash flow in the future, considering the relationship with the discount rate
Value based on Discounted Cash Flow method	5,250 million yen	
Discount rate	4.6%	Estimated by the base yield of hotels, which is determined by the build-up approach based on yields of financial products, and by considering specific risks related to the property

Terminal cap rate	4.8%	Estimated on the basis of capitalization rate, in consideration of the prediction uncertainty
Value based on cost method	5,280 million yen	
Proportion of land	55.0%	
Proportion of building	45.0%	
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.

14. Overview of property appraisal of the Anticipated Disposition

Property name	D Project Machida
Appraisal value	11,600 million yen
Appraiser	The Tanizawa Sōgō Appraisal Co., Ltd.
Appraisal date	February 28, 2025

Item	Content	Basis
Value based on income method	11,600 million yen	Estimated the value based on income method by using the value based on discount cash flow method as the standard and verifying it with the value based on direct capitalization method
Value based on direct capitalization method	11,900 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)	446 million yen	
Investment income of lump sum	-	Not disclosed (Note)
Capital expenditure	-	
Net cash flow (NCF)	438 million yen	
Cap rate	3.7%	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 considering the volatility of net cash flow in the future, considering the relationship with the discount rate
Value based on Discounted Cash Flow method	11,400 million yen	
Discount rate	(1st to 2nd year) 3.6% (from 3rd year) 3.7%	Estimated by the base yield of warehouses, which is determined by the build-up approach based on yields of financial products, and by considering specific risks related to the property
Terminal cap rate	3.9%	Estimated on the basis of capitalization rate, in consideration of the prediction uncertainty
Value based on cost method	10,800 million yen	

Proportion of land	68.1%	
Proportion of building	31.9%	
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/

<Attachments>

1. Illustration and map of the Anticipated Acquisition

HO-008 AMANEK Kumamoto





(Note) The above image is a rendering of the Anticipated Acquisition as of today, and the actual outlook of the building after completion may differ from the image.

2. Portfolio status after the Transactions (planned as of December 22, 2026)

Asset class	Number of properties	(Anticipated) acquisition price (million yen)	Investment ratio (Note)
Logistics properties	64 properties	473,019	52.0%
Residential properties	130 properties	243,650	26.8%
Retail properties	22 properties	118,639	13.1%
Hotel properties	8 properties	32,090	3.5%
Other assets	6 properties	41,660	4.6%
Portfolio Total	230 properties	909,058	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.