Daiwa House REIT Investment Corporation

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For Immediate Release

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Notice Concerning Acquisition of Trust Beneficiary Interest 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 asset (the "Anticipated Acquisition") as described below (the "Transaction").

The decision on the Transaction 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 regarding interested party transactions.

1. Acquisition overview

(1) Anticipated Acquisition

Property number	Real estate in trust (Property name)	Asset class	Location	Anticipated date of acquisition	Anticipated acquisition price (million yen) (Note 2)	Appraisal value (million yen) (Note 3)	NOI yield (Note 4)
RE-147	Castalia Kyoto Nishi-shichijo (Note 1)	Residential	Kyoto City, Kyoto	August 25, 2025	1,000	1,040	4.4%

(Note 1) While the property name is currently Samty Kyoto Nishioji North, it will be changed to Castalia Kyoto Nishi-shichijo upon acquisition by DHR. The same applies hereinafter.
(Note 2) Excluding such amounts as expenses related to acquisition, amounts equivalent to reimbursement of taxes and dues, etc., and amount equivalent to consumption taxes.
(Note 3) Appraisal value as of June 30, 2025.
(Note 4) "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 stated in the appraisal report (as of June 30, 2025), by an anticipated acquisition price.

(2) Planned date of execution of the sale and purchase agreement : August 25, 2025
(3) Seller : Daiwa House Industry Co., Ltd.
(4) Acquisition funds : Cash reserves
(5) Method of settlement : Payment of entire amount upon transfer
(6) Intermediary : None

2. Rationale for acquisition

The Anticipated Acquisition is a residential property with excellent transportation access located approximately a 12-minute walk from Umekoji-Kyotonishi Station, one stop from Kyoto Station on the JR Sagano Line (San-in Main Line), and approximately a two-minute walk from Nanajo Onmaedori bus stop on the Kyoto City Bus, which provide access to Kyoto Station. Based on the targets and policies prescribed in DHR's Articles of Incorporation, the Asset Manager decided the Transaction having deemed that acquisition of the Anticipated Acquisition with an

outlook of stable rental demand would further increase the stability of cash flow and improve portfolio diversification. The Anticipated Acquisition will be acquired through the pipeline of Daiwa House Group. For the details of the Anticipated Acquisition, please refer to "3. Details of the Anticipated Acquisition".

3. Details of the Anticipated Acquisition

Property number		Castalia Kyoto Nishi-shichijo		Asset class	Residential
RE-147				Type (Note 1)	Compact type 100% Family type 0%
Anticipated date of acquisition		August 25, 2025		Anticipated acquisition price	1,000 million yen
Overview of specified asset					
Type of specified asset		Trust beneficiary interest in real estate			
Trustee		Mitsubishi UFJ Trust and Banking Corporation			
Trust maturity date		August 31, 2035			
Location	Lot number	29-1, Nishi-shichijo Nakano-cho, Shimogyo Ward, Kyoto City, Kyoto			
	Residence indication	29-1, Nishi-shichijo Nakano-cho, Shimogyo Ward, Kyoto City, Kyoto			
Land	Type of ownership	Ownership	Building	Type of ownership	Ownership
	Land area	496.88 m^2		Gross floor area	1,739.41 m^2
	Area classification	Retail district, quasi-industrial district		Use	Apartment complex, retail
	Building coverage ratio	80%/60%		Structure	Steel-frame reinforced concrete building
	FAR	400%/200%		Number of floors	8 floors
Collateral		None		Date of construction	June 20, 2006
Overview of building condition evaluation					
Evaluation company		Tokio Marine dR Co., Ltd.			
Urgent repair costs		0 thousand yen		Evaluation date	April 2025
Short-term repair costs		0 thousand yen		PML	10.2%
Long-term repair costs		58,640 thousand yen / 12 years			
Soil contamination inspector					
Inspector		Tokio Marine dR Co., Ltd.			
Designer, structural designer, contractor, inspection agency					
Designer		Okazaki Architect & Associates, Inc.			
Structural designer		Okazaki Architect & Associates, Inc.			
Contractor		ICHIKEN Co., Ltd.			
Inspection agency		Kyoto Organization of Confirmation & Inspection			
Structural calculation evaluation agency		Tokio Marine dR Co., Ltd.			
Overview of leasing (Note 2)					
Leasable area		1,657.29 m^2		Number of tenants	1
Leased area		1,565.79 m^2		Annual rent (Note 3)	52,302 thousand yen
Occupancy rate		94.5%		Tenant leasehold and security deposit (Note 3)	2,116 thousand yen
Historical occupancy rate	August 2023	February 2024	August 2024	February 2025	July 2025
	98.5%	96.9%	97.2%	100.0%	94.5%
Master lease company			Daiwa Living Co., Ltd.		
Master lease type			Pass-through type		
Property management company			Daiwa Living Co., Ltd.		

Special items
None
Property characteristics
The property is a residential property with excellent transportation access located approximately a 12-minute walk from Umekoji-Kyotonishi Station, one stop from Kyoto Station on the JR Sagano Line (San-in Main Line), and approximately a two-minute walk from Nanajo Onmaedori bus stop on the Kyoto City Bus, which provides access to Kyoto Station. The property has 71 compact-type leasable units including one retail unit. With a wide range of convenient facilities for daily life in the surrounding area of the property, steady rental demand is expected mainly from single households.

(Note 1) Unit types are categorized as compact-type units with leasable area of 60m^2 or less and family-type units of more than 60m^2. The ratio of units is the ratio of the units leased by type to the total number of units for lease (excluding for retail and other non-residential uses) and rounded to the nearest tenth. Therefore, the sum may not add up to 100%.

(Note 2) Descriptions in "Overview of leasing" are based on the information available as of July 31, 2025.

(Note 3) A pass-through type master lease agreement with the master lease company is scheduled to be entered into by the time DHR acquires the property. "Annual rent" and "Tenant leasehold and security deposit" are calculated based on the assumption that the master lease agreement is retroactively effective from July 31, 2025. Annual rent of residential properties includes the common area charges and is the amount calculated by multiplying the monthly rent (excluding consumption taxes) as indicated in each sublease agreement with end tenants by 12 on an annual basis (if multiple sublease agreements are entered into, the total amount indicated in such sublease agreements).

4. Seller profile

(1)	Name	Daiwa House Industry Co., Ltd.
(2)	Location	3-3-5, Umeda, Kita Ward, Osaka City, Osaka
(3)	Representative	Hirotsugu Otomo, President and COO
(4)	Business activities	General contractor
(5)	Capital	162,216 million yen (as of March 31, 2025)
(6)	Foundation date	March 4, 1947
(7)	Net assets	2,716,745 million yen (as of March 31, 2025)
(8)	Total assets	7,049,323 million yen (as of March 31, 2025)
(9)	Major shareholder and shareholding ratio	The Master Trust Bank of Japan, Ltd. (Trust) 17.44% Custody Bank of Japan, Ltd. (Trust) 6.57% (as of March 31, 2025)
(10)	Relationships with DHR and the Asset Manager	
	Capital relationship	The seller holds 5.7% of DHR's investment units outstanding as of July 31, 2025. The 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, three people have been seconded from the seller as of today.
	Business relationship	The seller is a consignee of property management and other services for DHR and is a lessee of real estate owned by DHR. The 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 seller is not a related party of DHR. The seller is the parent company of the Asset Manager and thus falls under the category of a related party of the Asset Manager.

5. Interested party transactions

Daiwa House Industry Co., Ltd. as the seller and Daiwa Living Co., Ltd. as the master lease and property management company of the Anticipated Acquisition are defined as interested parties, etc. in 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 Article 201-2 of the Investment Trust Act (Note) as well as its voluntary 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. Status of the 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	Owner before previous owner / trust beneficiary
	(1), (2), (3)	(1), (2), (3)
	Acquisition price	Acquisition price
	Acquisition date	Acquisition date
RE-147 Castalia Nishi-shichijo (29-1, Nishi-shichijo Nakano-cho, Shimogyo Ward, Kyoto City, Kyoto)	(1) Daiwa House Industry Co., Ltd. (2) The parent company of the Asset Manager (3) Acquisition for investment purposes	A party which does not have any particular interests
	Omitted as the previous owner/trust beneficiary has owned the property for over one year	—
	May 2022	—

7. Acquisition schedule

(1) Acquisition decision date : August 22, 2025
(2) Date of execution of the sale and purchase agreement : August 25, 2025 (planned)
(3) Date of payment : August 25, 2025 (planned)
(4) Delivery date : August 25, 2025 (planned)

8. Outlook

The impact of the Transaction will be minimal, and there are no revisions to the forecast of 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).

9. Overview of property appraisal

Property name	Castalia Kyoto Nishi-shichijo
Appraisal value	1,040 million yen
Appraiser	JLL Morii Valuation & Advisory K.K.
Appraisal date	June 30, 2025

Item	Content	Basis
Value based on income method	1,040 million yen	Estimated the value based on income method by correlating the value based on discount cash flow method and the value based on capitalization method
Value based on direct capitalization method	1,060 million yen	
Operating revenue	58 million yen	
Potential gross revenue	61 million yen	Assessed the rents that can be received stably over the medium to long term
Loss from vacancies	3 million yen	Assessed in consideration of standard occupancy rates and the individuality of the property
Operating expense	14 million yen	
Maintenance	2 million yen	Assessed based on the actual amounts by reference to the level of similar properties
Utility cost	1 million yen	Assessed based on the actual amounts by reference to the level of similar properties
Repair	2 million yen	Judged the estimates in the engineering report as appropriate and allocated 30% of the standardized amount as repair expenses. Assessed the restoration cost based on the actual amounts and move-out rates by reference to the level of similar properties
Property management fee	1 million yen	Assessed by reference to the level of similar properties
Advertisement and other leasing cost	2 million yen	Assessed in consideration of local customs and move-out rates of the property

	Tax	2 million yen	Assessed based on actual amounts in consideration of future fluctuation and aging of the property
	Insurance	0 million yen	Assessed by reference to the level of similar properties
	Other cost	0 million yen	Recorded internet fees
Net operating income (NOI)		43 million yen	
	Investment income of lump sum	0 million yen	Assessed with an investment yield set at 1.0%
	Capital expenditure	3 million yen	Judged the estimates in the engineering report as appropriate and allocated 70% of the standardized amount as capital expenditure
Net cash flow (NCF)		40 million yen	
Cap rate		3.8%	Assessed by adding the risk of fluctuations in cash flow and principal amount to the discount rate
Value based on discounted cash flow method		1,010 million yen	
	Discount rate	3.6%	Assessed by comprehensively considering the regionality and characteristics unique to the property, by reference to the market trends, etc.
	Terminal cap rate	4.0%	Assessed by adjusting the cap rate with uncertainty in forecasting changes in cash flow at a future point, aging of the building and risks related to sale of the property in the future
Value based on cost method		797 million yen	
	Proportion of land	82.9%	
	Proportion of building	17.1%	
Other items considered by the appraiser in the appraisal			None

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

<Attachments>

1. Photograph and location map of the Anticipated Acquisition

RE-147 Castalia Kyoto Nishi-shichijo





2. Portfolio status after the acquisition of the Anticipated Acquisition

Asset class	Number of properties	(Anticipated) acquisition price (million yen)	Investment ratio (Note)
Logistics properties	65 properties	482,219	52.9%
Residential properties	130 properties	241,940	26.5%
Retail properties	22 properties	118,639	13.0%
Hotel properties	7 properties	27,340	3.0%
Other assets	6 properties	41,660	4.6%
Portfolio Total	230 properties	911,798	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.