

December 14, 2016

For Immediate Release

REIT Issuer:

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Notice Concerning Issuance of Investment Corporation Bonds and Prepayment of Short-Term Loans

Daiwa House REIT Investment Corporation (“DHR”) hereby announces that it decided today to issue investment corporation bonds based on the comprehensive resolution at the board of directors’ meeting held on November 25, 2016 (the “Bonds”) and to prepay its short-term loans as described below.

1. Overview of the investment corporation bonds

	5-year bonds	10-year bonds
(1) Name	Daiwa House REIT Investment Corporation No. 5 Unsecured Investment Corporation Bonds (with pari passu conditions among specified investment corporation bonds)	Daiwa House REIT Investment Corporation No. 6 Unsecured Investment Corporation Bonds (with pari passu conditions among specified investment corporation bonds)
(2) Total issue amount	4 billion yen	4 billion yen
(3) Form of bond certificate	No bond certificates will be issued subject to the provisions of the Act on Book-Entry Transfer of Company Bonds, Shares, etc.	
(4) Issue price	100 yen per value of 100 yen of each bond	
(5) Redemption price	100 yen per value of 100 yen of each bond	
(6) Interest rate	0.240% per annum	0.570% per annum
(7) Denomination of each bond	100 million yen	
(8) Offering method	Public offering	
(9) Subscription period	December 14, 2016 (Wednesday)	
(10) Payment date	December 20, 2016 (Tuesday)	
(11) Collateral and guarantee	No collateral or guarantee is provided for the Bonds, and no assets are reserved as security specifically for the Bonds.	
(12) Redemption method and date	a. The total issue amount will be redeemed on December 20, 2021.	a. The total issue amount will be redeemed on December 18, 2026.
	b. The Bonds may be retired by purchase at any time after the payment date unless otherwise stipulated by the depository.	
(13) Interest payment date	June 20 and December 20 every year (In case such date is a bank holiday, the immediately preceding bank business day will be the date.)	
(14) Financial covenants	Negative pledge clause is applicable.	
(15) Credit rating	AA- (Japan Credit Rating Agency, Ltd.)	
(16) Fiscal, issuing and paying agent	Sumitomo Mitsui Trust Bank, Limited	
(17) Underwriters	Mizuho Securities Co., Ltd. SMBC Nikko Securities Inc. Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	SMBC Nikko Securities Inc. Mizuho Securities Co., Ltd. Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.

2. Reason for the issuance

To lengthen and diversify debt maturities, fix interest rates, and diversify financing sources by funding part of prepayment of the short-term loans.

3. Amount of funds to be procured, use of proceeds and scheduled outlay period

- (1) Amount of funds to be procured (approximate net proceeds)
7,952 million yen
- (2) Use of proceeds and scheduled outlay period
DHR will use the proceeds on December 30, 2016 to fund part of prepayment of the short-term loans.

4. Overview of the short-term loans to be prepaid

Lender	Balance before prepayment (million yen)	Prepayment amount (million yen)	Balance after prepayment (million yen)	Interest rate	Borrowing date	Repayment due date	Prepayment date
Sumitomo Mitsui Trust Bank, Limited	1,750	1,000	750	0.205% (Note)	May 1, 2015	April 28, 2017	December 30, 2016
Sumitomo Mitsui Banking Corporation	1,750	1,000	750				
Mizuho Bank, Ltd.	3,250	1,000	2,250				
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3,250	1,000	2,250				
Sumitomo Mitsui Trust Bank, Limited	1,000	1,000	0		June 1, 2016	June 1, 2017	
Sumitomo Mitsui Banking Corporation	1,000	1,000	0				
Mizuho Bank, Ltd.	1,000	1,000	0				
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,000	1,000	0				

(Note) The interest rate applicable for the period from November 30, 2016 to December 29, 2016.

5. Status of interest-bearing debt after the issuance of the Bonds and prepayment of the short-term loans

(Unit: million yen)

	Before (as of December 14, 2016)	After (as of December 30, 2016)	Increase (Decrease)
Short-term loans	14,000	6,000	(8,000)
Current portion of long-term loans	43,495	43,495	0
Long-term loans	184,668	184,668	0
Total loans	242,163	234,163	(8,000)
Investment corporation bonds	11,000	19,000	8,000
Total interest-bearing debt	253,163	253,163	0

6. Other

For the risks concerning issuance and redemption, etc. of the Bonds, there are no changes from the Japanese language securities report submitted on November 25, 2016.

* Distribution of this material: This material is distributed to “Kabuto Club” (a media correspondents’ club at the Tokyo Stock Exchange), the press club at the Ministry of Land, Infrastructure, Transport and Tourism and the press club for construction trade newspapers at the Ministry of Land, Infrastructure, Transport and Tourism.

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