



Daiwa House[®]
Group

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Press Release (Translation)

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■ **Open-End Private Placement Core Fund Specializing in Domestic Logistics Facilities**
Consideration of Establishment of “Daiwa House Logistics Core Fund” Start

Daiwa House Industry Co., Ltd. (main office: Osaka, President and CEO: Keiichi Yoshii) is considering the establishment of a private placement core fund "Daiwa House Logistics Core Fund" within 2020, which will invest in domestic logistics facilities.

"Daiwa House Logistics Core Fund" is an open-end private placement core fund*¹ planned and organized as a product to meet the long-term stable management needs of corporate pension funds and financial institutions. The fund is scheduled to incorporate the domestic logistics facilities developed by the Daiwa House Group as its investment targets, with a policy of concentrating 70% or more of its funds on those located in the three major metropolitan areas*².

Going forward, we strive to maintain and expand earnings over the medium to long term and achieve an asset size of 300 billion yen through the logistics facilities development capitalizing on the Group' expertise, as well as facility management and operation by Daiwa House Property Management Co., Ltd.

*1. Refundable payments at the request of investors. There are conditions for refund.

*2. Capital area (Tokyo Metropolis, Kanagawa Prefecture, Saitama Prefecture and Chiba Prefecture), Central area (Aichi Prefecture, Gifu Prefecture and Mie Prefecture) and Kinki area (Osaka Prefecture, Kyoto Prefecture, Hyogo Prefecture, Nara Prefecture and Shiga Prefecture)

● **Reason for Establishment "Daiwa House Logistics Core Fund"**

The Daiwa House Group positions the Sixth Medium-Term Management Plan started in April 2019 as a three-year period during which it will aim for sustainable growth by utilizing the Daiwa House Group's broad range of business domains and has engaged aggressively in real estate development investments.

Our investments in real estate development are mainly focused on logistics facility development and in recent years we have focused on expanding the development of logistics facilities, which are able to fulfill the logistics needs of a wide range of tenant companies as well as meet tenant needs for rapid operations startup.

While the world has been impacted by the COVID-19 pandemic, logistics volume for e-commerce is increasing due to growing demand among consumers choosing to stay at home. At the same time, manufacturing companies are facing inventory buildup for materials and products, and markets are working to rebuild supply chains. Given this backdrop, we expect latent needs for logistics facilities will remain firm going forward and we expect continued activity on logistics real estate transaction markets.

In light of such market conditions, Daiwa House Industry has revised upward its real estate development investment plans for Logistics, Business & Corporate Facilities in June 2020, which were set out in the Sixth Medium-Term Management Plan (fiscal years 2019 - 2021), from the initial amount of 350 billion yen to 650 billion yen (an increase of 300 billion yen).

Following this, Daiwa House Industry has worked to secure flexible financing by way of Daiwa House REIT Investment Corporation, a listed REIT with an asset size of over 800 billion yen, and Daiwa House Global REIT Investment Corporation, a private placement REIT investing also in overseas real estate.

As part of these efforts, we have decided to consider the establishment of “Daiwa House Logistics Core Fund” in order to bolster the financing environment for logistics facilities development.

● Outline of "Daiwa House Logistics Core Fund"

Name: Daiwa House Logistics Core Fund

Asset size: 300 billion yen (medium-term goal)

Asset composition: logistics facilities (100%)

Target property: next-generation logistics facilities and environmentally-friendly logistics facilities developed by Daiwa House Group

Date of establishment: within 2020 years (Schedule)

Investment advisory company: Daiwa House Asset Management Co., Ltd.

(main office: Chiyoda-ku Tokyo, President and CEO: Koichi Tsuchida)

● Logistics Facilities Business of Daiwa House Industry

In 2002, Daiwa House Industry started its proprietary D-Project logistics service and has expanded its activities in the logistics facility field from the simple design and construction of facilities to become a dedicated overall coordinator in the logistics business. In D-Project, we offer clients a start-to-finish service specifically tailored to each client's business model, encompassing everything from the proposal of prime-location logistics facility sites to post-completion maintenance and management. In collaboration with partners in related fields such as real estate and finance, we develop various comprehensive logistics real estate solutions including both in-house asset-based and non-asset based schemes, and real estate securitization.

Under D-Project, we have developed multi-tenant facilities in prime locations that can promptly respond to short-term logistics needs, in addition to build-to-suit (BTS) logistics facilities for particular tenants. The number of logistics facilities we have developed nationwide amounts to 251 for a total floor area of approximately 8,130,000 square meters^{*3}.

^{*3}. As of March 31, 2020. Including during construction.

End

Disclaimer:

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