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For Immediate Release

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Notice Concerning Revision to Forecast of Results for the Fiscal Period Ending February 28, 2022 and Announcement of Forecast of Results for the Fiscal Period Ending August 31, 2022

Daiwa House REIT Investment Corporation (“DHR”) hereby announces the revision of its forecast of results for the fiscal period ending February 28, 2022 (from September 1, 2021 to February 28, 2022) announced on June 30, 2021 and newly announces its forecast of results for the fiscal period ending August 31, 2022 (from March 1, 2022 to August 31, 2022), as shown below.

There are no changes to DHR’s forecast of results for the fiscal period ending August 31, 2021 (from March 1, 2021 to August 31, 2021) announced on April 20, 2021.

1. Revision of the forecast of results for the fiscal period ending February 28, 2022
 (from September 1, 2021 to February 28, 2022)

	Operating revenues (million yen)	Operating income (million yen)	Ordinary income (million yen)	Net income (million yen)	Distributions		
					per unit (including distributions in excess of earnings) (yen)	Distributions per unit (excluding distributions in excess of earnings) (yen)	Distributions in excess of earnings per unit (yen)
Previous forecast (A)	28,421	12,221	10,697	10,697	5,700	4,871	829
Revised forecast (B)	30,142	13,300	11,519	11,518	5,750	4,965	785
Difference (B) – (A)	1,721	1,078	821	821	50	94	-44
Percentage change	6.1%	8.8%	7.7%	7.7%	0.9%	1.9%	-5.3%

* Anticipated number of investment units as of the end of the period and anticipated net income per unit in previous forecast:
 2,196,000 units and 4,871 yen

* Anticipated number of investment units as of the end of the period and anticipated net income per unit in revised forecast:
 2,320,000 units and 4,964 yen

Disclaimer: This announcement is prepared for the public disclosure of the revision to forecast of results for the fiscal period ending February 28, 2022 and announcement of forecast of results for the fiscal period ending August 31, 2022 of DHR and has not been prepared for the purpose of soliciting investment.

2. Forecast of results for the fiscal period ending August 31, 2022
(from March 1, 2022 to August 31, 2022)

	Operating revenues (million yen)	Operating income (million yen)	Ordinary income (million yen)	Net income (million yen)	Distributions		
					per unit (including distributions in excess of earnings) (yen)	per unit (excluding distributions in excess of earnings) (yen)	Distributions in excess of earnings per unit (yen)
Forecast for the fiscal period ending August 31, 2022	29,170	12,660	11,011	11,011	5,600	4,758	842

* Anticipated number of investment units as of the end of the period and anticipated net income per unit:
2,320,000 units and 4,746 yen

(Note 1) The above forecasts are based on current assumptions shown in the attachment, “Assumptions for Forecasts of Results for the Fiscal Periods Ending February 28, 2022 and August 31, 2022”. Actual figures may fluctuate due to factors such as the acquisition and disposition of real estate and other transactions in the future, developments in the real estate market and other factors, additional issuances of new investment units in the future and other changes in circumstances surrounding DHR. The forecasts are not a guarantee of the forecasted distribution amount.

(Note 2) DHR may revise the above forecasts in the event that results are anticipated to differ substantially from the forecasts over a certain level.

(Note 3) The anticipated net income per unit as above is calculated by dividing net income by the anticipated number of investment units as of the end of the period.

(Reference) Forecast of results for the fiscal period ending August 31, 2021
(from March 1, 2021 to August 31, 2021)

	Operating revenues (million yen)	Operating income (million yen)	Ordinary income (million yen)	Net income (million yen)	Distributions		
					per unit (including distributions in excess of earnings) (yen)	per unit (excluding distributions in excess of earnings) (yen)	Distributions in excess of earnings per unit (yen)
Forecast for the fiscal period ending August 31, 2021	29,411	12,978	11,466	11,465	6,050	5,243	807

* Anticipated number of investment units as of the end of the period and anticipated net income per unit:
2,196,000 units and 5,221 yen

3. Reason for the revision and announcement

DHR revised its forecast due to changes in assumptions for forecast of results for the fiscal period ending February 28, 2022 (from September 1, 2021 to February 28, 2022) announced on June 30, 2021 as a result of issuance of new investment units announced today in the press release “Notice Concerning Issuance of New Investment Units and Secondary Offering of Investment Units” and the acquisition and leasing of assets announced today in the press release “Notice Concerning Acquisition and Leasing of Trust Beneficiary Interests in Domestic Real Estate”.

Accordingly, DHR announces new forecast of results for the fiscal period ending August 31, 2022 (from March 1, 2022 to August 31, 2022) based on the same assumptions as above.

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

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Assumptions for Forecasts of Results for the Fiscal Periods Ending February 28, 2022 and August 31, 2022

Item	Assumptions
Operating period	<ul style="list-style-type: none"> • Fiscal period ending February 28, 2022: (181 days from September 1, 2021 to February 28, 2022) • Fiscal period ending August 31, 2022: (184 days from March 1, 2022 to August 31, 2022)
Portfolio	<ul style="list-style-type: none"> • DHR has assumed that DHR would acquire the following properties of real-estate trust beneficiary interests (“Anticipated Acquisitions”) as described in the press release “Notice Concerning Acquisition and Leasing of Trust Beneficiary Interests in Domestic Real Estate” announced today: D Project Wako A (50% quasi co-ownership interest) and GRANODE Hiroshima (additional acquisition of 50% quasi co-ownership interest) on September 3, 2021, DPL Nagareyama III and D Project Hiratsuka on October 1, 2021. • DHR has assumed that DHR would dispose of Castalia Ohori Bay Tower, the anticipated disposition as described in the press release “Notice Concerning Disposition of Trust Beneficiary Interest in Domestic Real Estate” announced on June 30, 2021 (the “Anticipated Disposition”) on September 30, 2021. • DHR has assumed that, regarding 229 properties (227 properties of real estate and real-estate trust beneficiary interests DHR owns as of today plus four Anticipated Acquisitions, including one additional acquisition, which counts as one property together with the already acquired 50% quasi co-ownership interest, and excluding one Anticipated Disposition), there would be no changes in the composition of DHR’s portfolio (acquisition of new properties or disposition of the acquired assets) until the end of the fiscal period ending August 31, 2022 other than the above. • However, the composition of the portfolio may change.
Operating revenues	<ul style="list-style-type: none"> • DHR has assumed the gain on sale of real estate property of 1,335 million yen for the fiscal period ending February 28, 2022 associated with the Anticipated Disposition. • Operating revenues include revenues from rent, common area charges, parking lot usage fees, incidental revenues, utilities expenses reimbursements and key money, etc. Each of these items is calculated based on past records and future estimates. • DHR has assumed that no delinquencies or non-payment of rent by tenants. • DHR estimates that the negative effects of COVID-19 on revenues from rent will be 104 million yen for the fiscal period ending February 28, 2022 and 104 million yen for the fiscal period ending August 31, 2022.

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Item	Assumptions
Operating expenses (excluding amortization of goodwill)	<ul style="list-style-type: none"> • Operating expenses mainly comprise expenses related to rental business. Such expenses, excluding depreciation, are calculated based on past records, making certain adjustments as appropriate considering factors that may cause changes in expenses. • DHR has assumed that DHR would incur depreciation expenses of 5,662 million yen for the fiscal period ending February 28, 2022 and 5,700 million yen for the fiscal period ending August 31, 2022. These figures are calculated based on the straight-line method with incidental expenses added to purchase prices of non-current assets. • DHR has estimated property tax, city planning tax and depreciation asset tax of 2,156 million yen for the fiscal period ending February 28, 2022 and 2,397 million yen for the fiscal period ending August 31, 2022. Property tax and city planning tax that would be paid by DHR and the seller (the former beneficiary) on a <i>pro rata</i> basis in accordance with the holding period and settled at the time of acquisition, and such taxes are deemed as acquisition costs of the property and not included in expenses. Property tax and city planning tax for the Anticipated Acquisitions of 229 million yen would be expensed starting from the fiscal period ending August 31, 2022. • Concerning repairs and maintenance expenses, DHR has assumed that in addition to incurring certain repairs and maintenance expenses in each fiscal period based on the medium- to long-term repair and maintenance plan prepared by the Asset Manager, DHR will utilize part of the gain on sale of real estate properties to implement the repair and maintenance plan at an earlier schedule in order to improve the quality of the properties. DHR expects to incur repairs and maintenance expenses of 1,508 million yen for the fiscal period ending February 28, 2022, and 727 million yen for the fiscal period ending August 31, 2022. However, actual repairs and maintenance expenses in each fiscal period may change substantially from DHR's forecasts, as (i) DHR may incur expenses for urgent repairs to properties due to damage caused by unforeseeable factors, (ii) generally, there is a substantial difference in expenses incurred between each fiscal period, and (iii) expenses are not incurred based on a regular schedule. • Selling, general and administrative expenses are estimated based on the actual values or rates, etc., of each item.
Amortization of goodwill	<ul style="list-style-type: none"> • Amortization of goodwill is estimated to be 1,982 million yen for the fiscal period ending February 28, 2022 and to be 1,982 million yen for the fiscal period ending August 31, 2022.
Non-operating expenses	<ul style="list-style-type: none"> • DHR has assumed one-time costs of 185 million yen for the fiscal period ending February 28, 2022 as expenses related to issuance of new investment units and related matters resolved at a meeting of the board of directors of DHR held today. • DHR has assumed interest expenses and other borrowing-related expenses, etc. of 1,606 million yen for the fiscal period ending February 28, 2022 and 1,656 million yen for the fiscal period ending August 31, 2022.
Interest-bearing debt	<ul style="list-style-type: none"> • The balance of outstanding interest-bearing debt is 378,558 million yen as of today. In addition, DHR has assumed that short-term loans of 4,000 million yen and long-term loans of 11,500 million yen would be borrowed on September 3, 2021 and long-term loans of 13,500 million yen would be borrowed on October 1, 2021, as part of funds for the acquisition of the Anticipated Acquisitions. As a result, DHR has assumed the remaining amount of interest-bearing debt would be 407,558 million yen on October 1, 2021. • DHR has assumed that (i) long-term loans of 35,858 million yen that become due by the end of the fiscal period ending August 31, 2022 would be fully refinanced and (ii) it would issue new investment corporation bonds to fully refinance the investment corporation bonds in the amount of 4,000 million yen that become due by the end of the fiscal period ending August 31, 2022. • Other than the above, DHR has assumed the balance of outstanding interest-bearing debt would be unchanged until the end of the fiscal period ending August 31, 2022.

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Item	Assumptions
Investment units	<ul style="list-style-type: none"> • In addition to the 2,196,000 units issued as of today, DHR has assumed that the total of 124,000 units, which is the maximum number of investment units planned to be newly issued through issuance of new investment units via public offering (115,000 units, assuming over-allotment option is fully exercised (maximum 9,000 units)) which was resolved at the meeting of the board of directors of DHR held today, would be issued. • Anticipated net income per unit and distributions per unit are calculated based on the number of investment units issued as of the end of the fiscal periods ending February 28, 2022 and August 31, 2022 which will be 2,320,000 investment units including the expected 124,000 units to be newly issued as noted above. • Other than the above, DHR has assumed there would be no change in the number of issued units resulting from the additional issuance of investment units, etc. through the end of the fiscal period ending August 31, 2022.
Distributions per unit	<ul style="list-style-type: none"> • DHR has assumed that changes in fair value of interest-rate swaps will not impact the amount of distributions per unit for the fiscal periods ending February 28, 2022 and August 31, 2022. • Changes in DHR's portfolio, fluctuations in rent income due to changes in tenants and other factors, unforeseen repairs and maintenance expenses and other factors may lead to changes in the amount of distributions per unit.
Distributions in excess of earnings per unit	<ul style="list-style-type: none"> • DHR has assumed that distributions in excess of earnings in the amount equivalent to amortization of goodwill are paid (distributions accounted as an allowance for temporary difference adjustments and other distributions in excess of earning (return of capital)). However, DHR has assumed that in the case of an occurrence of special gains such as gain on sale of real estate properties, other distributions in excess of earnings, which is a part of the abovementioned distributions in excess of earnings in the amount equivalent to amortization of goodwill, can be reduced by an amount equivalent to part of the gain on sale of real estate properties. • DHR has assumed that in the case of the occurrence of excess taxable income over accounting profit associated with sale of properties that causes a need for DHR to take action to maintain its favorable tax status, DHR will conduct additional distributions in excess of earnings (distribution accounted as an allowance for temporary difference adjustments). • It is estimated that total of distributions in excess of earnings for the fiscal period ending February 28, 2022 would be 1,821 million yen (785 yen per unit), all of which are the allowance for temporary difference adjustments, and for the fiscal period ending August 31, 2022, total of distributions in excess of earnings would be 1,953 million yen (842 yen per unit), consisting of the allowance for temporary difference adjustments and other distributions in excess of earnings (return of capital) of 1,835 million yen (791 yen per unit) and 118 million yen (51 yen per unit), respectively. • DHR has assumed that changes in fair value of interest-rate swaps will not impact the amount of distributions in excess of earnings per unit for the fiscal periods ending February 28, 2022 and August 31, 2022.
Others	<ul style="list-style-type: none"> • DHR has assumed that no enforcement of such revisions to laws and regulations, tax systems, accounting standards, securities listing regulations and rules of The Investment Trusts Association, Japan, etc. that may affect the above forecasts. • DHR's forecasts assume no unforeseen significant changes in general economic trends or conditions in the real estate market.

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