

For Immediate Release

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**Notice Concerning Revision to Forecast of Results for the Fiscal Periods Ending
 February 28, 2023 and August 31, 2023**

Daiwa House REIT Investment Corporation (“DHR”) cancelled the issuance of new investment units and secondary offering of investment units, debt financing, and acquisition of trust beneficiary interests in domestic real estate as of August 31, 2022, as announced in the press release “Notice Concerning Cancellation of Issuance of New Investment Units and Secondary Offering of Investment Units, Debt Financing and Anticipated Acquisitions” dated August 31, 2022. After confirming the impact of such cancellation and other factors, DHR hereby announces the revision to its forecast of results for the fiscal period ending February 28, 2023 (from September 1, 2022 to February 28, 2023) and the fiscal period ending August 31, 2023 (from March 1, 2023 to August 31, 2023) which was announced on August 18, 2022, as shown below.

1. Revision of the forecast of results for the fiscal period ending February 28, 2023
 (from September 1, 2022 to February 28, 2023)

	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)	30,302	13,080	11,310	11,309	5,620	4,786	834
Revised forecast (B)	29,253	12,634	11,010	11,010	5,600	4,750	850
Difference (B) – (A)	(1,048)	(446)	(299)	(299)	(20)	(36)	16
Percentage change	(3.5)%	(3.4)%	(2.7)%	(2.7)%	(0.4)%	(0.8)%	1.9%

* Anticipated number of investment units as of the end of the period and anticipated net income per unit in previous forecast:
 2,365,000 units and 4,782 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 4,745 yen

The amount of distributions per unit (including distributions in excess of earnings) forecast after the above revision is the same as the initial forecast (5,600 yen) dated April 15, 2022, prior to the announcement of the issuance of new investment units and secondary offering of investment units.

2. Revision of the forecast of results for the fiscal period ending August 31, 2023
(from March 1, 2023 to August 31, 2023)

	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)	30,419	13,284	11,500	11,499	5,700	4,878	822
Revised forecast (B)	29,222	12,725	11,011	11,010	5,600	4,762	838
Difference (B) – (A)	(1,196)	(558)	(488)	(488)	(100)	(116)	16
Percentage change	(3.9)%	(4.2)%	(4.3)%	(4.3)%	(1.8)%	(2.4)%	1.9%

* Anticipated number of investment units as of the end of the period and anticipated net income per unit in previous forecast:
2,365,000 units and 4,862 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 4,745 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, 2023 and August 31, 2023”. 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.

3. Reason for the revision

DHR resolved the issuance of new investment units and secondary offering of investment units at a meeting of the board of directors of DHR held on August 18, 2022 (for more details, please see the press releases “Notice Concerning Issuance of New Investment Units and Secondary Offering of Investment Units” dated August 18, 2022 and “Notice Concerning Determination of Prices and Other Conditions with Regard to Issuance of New Investment Units and Secondary Offering of Investment Units” dated August 24, 2022) and debt financing of new borrowings (for more details, please see the press release “Notice Concerning Debt Financing (Green Loan and Sustainability-Linked Syndicated Loan) and Debt Refinancing” dated August 18, 2022). Using these proceeds and its own funds, DHR planned to acquire the four properties (the “Anticipated Acquisitions”) on September 5, 2022 as described in the press release “Notice Concerning Acquisition of Trust Beneficiary Interests in Domestic Real Estate” dated August 18, 2022.

However, DHR ascertained that Nippon Logistech Corporation, which is the lessee of DPL Tsukuba Yatabe, DPL Hiroshima Kanon, and DPL Okinawa Tomigusuku I among four of the Anticipated Acquisitions, filed for the application of the Civil Rehabilitation Law to the Tokyo District Court as of August 30, 2022. Since the impact thereof was unclear, DHR decided to cancel all the acquisitions of the Anticipated Acquisitions, issuance of new investment units and secondary offering of investment units, and debt financing at a meeting of the board of directors of DHR held on August 31, 2022 (for more details, please see the press release “Notice Concerning Cancellation of Issuance of New Investment Units and Secondary Offering of Investment Units, Debt Financing and Anticipated Acquisitions” dated August 18, 2022). While the forecast of results for the fiscal periods ending February 28, 2023 and August 31, 2022 which was announced on August 18, 2022 was left unchanged in order to confirm the impact of the cancellation and other factors, DHR has reviewed the assumptions for the forecast and accordingly revised the forecast.

There are no changes to the forecast of results for the fiscal period ended August 31, 2022 (from March 1, 2022 to August 31, 2022) announced on April 15, 2022.

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

Assumptions for Forecasts of Results for the Fiscal Periods Ending February 28, 2023 and August 31, 2023

Item	Assumptions
Operating period	<ul style="list-style-type: none"> • Fiscal period ending February 28, 2023: (181 days from September 1, 2022 to February 28, 2023) • Fiscal period ending August 31, 2023: (184 days from March 1, 2023 to August 31, 2023)
Portfolio	<ul style="list-style-type: none"> • DHR has assumed that, regarding 230 properties of real estate and real-estate trust beneficiary interests DHR owns as of today, 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, 2023. • However, the composition of the portfolio may change.
Operating revenues	<ul style="list-style-type: none"> • 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.
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 5,611 million yen for the fiscal period ending February 28, 2023 and 5,561 million yen for the fiscal period ending August 31, 2023. 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 2,395 million yen for the fiscal period ending February 28, 2023 and 2,400 million yen for the fiscal period ending August 31, 2023. 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 are deemed as acquisition costs of the property and not included in expenses. Property tax and city planning tax for one property acquired in February 2022 would be expensed starting from the fiscal period ending August 31, 2023, and the amount thereof is expected to be 2 million yen. • Concerning repairs and maintenance expenses, based on the medium- to long-term repair and maintenance plan prepared by Daiwa House Asset Management Co., Ltd., the asset manager to which DHR entrusts the management of its assets, DHR expects to incur repairs and maintenance expenses of 816 million yen for the fiscal period ending February 28, 2023, and 713 million yen for the fiscal period ending August 31, 2023. 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, 2023 and to be 1,982 million yen for the fiscal period ending August 31, 2023.
Non-operating expenses	<ul style="list-style-type: none"> • DHR has assumed interest expenses and other borrowing-related expenses, etc. of 1,633 million yen for the fiscal period ending February 28, 2023 and 1,724 million yen for the fiscal period ending August 31, 2023.
Interest-bearing debt	<ul style="list-style-type: none"> • The balance of outstanding interest-bearing debt is 407,550 million yen as of today. • DHR has assumed that long-term loans of 35,900 million yen that become due by the end of the fiscal period ending August 31, 2023 would be fully refinanced. • 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, 2023.
Investment units	<ul style="list-style-type: none"> • The total number of investment units is based on DHR's assumption of 2,320,000 units, which is the number of investment units issued as of today. DHR has assumed there will be no change in the number of units outstanding resulting from the issuance of additional investment units, etc. through the end of the fiscal period ending August 31, 2023.

Item	Assumptions
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, 2023 and August 31, 2023. • 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, 2023 would be 1,972 million yen (850 yen per unit), consisting of the allowance for temporary difference adjustments and other distributions in excess of earnings of 1,849 million yen (797 yen per unit) and 122 million yen (53 yen per unit) respectively, and for the fiscal period ending August 31, 2023, total of distributions in excess of earnings would be 1,944 million yen (838 yen per unit), consisting of the allowance for temporary difference adjustments and other distributions in excess of earnings (return of capital) of 1,860 million yen (802 yen per unit) and 83 million yen (36 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, 2023 and August 31, 2023.
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.