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For Immediate Release

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Notice Concerning Revision to Forecast of Results for the Fiscal Period Ending February 29, 2024 and Announcement of Forecast of Results for the Fiscal Period Ending August 31, 2024

Daiwa House REIT Investment Corporation (“DHR”) hereby announces the revision of its forecast of results for the fiscal period ending February 29, 2024 (from September 1, 2023 to February 29, 2024) announced on April 18, 2023 and newly announces its forecast of results for the fiscal period ending August 31, 2024 (from March 1, 2024 to August 31, 2024), as shown below.

There are no changes to DHR’s forecast of results for the fiscal period ending August 31, 2023 (from March 1, 2023 to August 31, 2023) announced on April 18, 2023.

1. Revision of the forecast of results for the fiscal period ending February 29, 2024
 (from September 1, 2023 to February 29, 2024)

	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)	29,296	12,773	11,012	11,011	5,600	4,750	850
Revised forecast (B)	29,507	12,877	11,126	11,125	5,650	4,800	850
Difference (B) – (A)	211	104	114	114	50	50	-
Percentage change	0.7%	0.8%	1.0%	1.0%	0.9%	1.1%	-%

* Anticipated number of investment units as of the end of the period:
 2,320,000 units

* Anticipated net income per unit in previous forecast and anticipated net income per unit in revised forecast:
 4,746 yen and 4,795 yen

Disclaimer: This announcement is prepared for the public disclosure of the revision to forecast of results for the fiscal period ending February 29, 2024 and announcement of forecast of results for the fiscal period ending August 31, 2024 of DHR and has not been prepared for the purpose of soliciting investment within or outside of Japan. This announcement does not constitute any offer of securities in the United States. The securities referred to have not been and will not be registered under the United States Securities Act of 1933, as amended (the “Securities Act”). The securities may not be offered or sold in the United States absent registration or an exemption from registration under the Securities Act. The securities referred to above will not be offered in the United States.

2. Forecast of results for the fiscal period ending August 31, 2024
(from March 1, 2024 to August 31, 2024)

	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, 2024	29,627	12,951	11,128	11,127	5,650	4,805	845

* Anticipated number of investment units as of the end of the period and anticipated net income per unit:
2,320,000 units and 4,796 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 29, 2024 and August 31, 2024”. 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, 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, 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)	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, 2023	29,937	12,841	11,123	11,123	5,600	4,798	802

* Anticipated number of investment units as of the end of the period and anticipated net income per unit:
2,320,000 units and 4,794 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 29, 2024 (from September 1, 2023 to February 29, 2024) announced on April 18, 2023 as a result of the acquisition of assets announced today in the press release “Notice Concerning Acquisition of Trust Beneficiary Interests in Domestic Real Estate”.

Accordingly, DHR announces its new forecast of results for the fiscal period ending August 31, 2024 (from March 1, 2024 to August 31, 2024) 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 29, 2024 and August 31, 2024

Item	Assumptions
Operating period	<ul style="list-style-type: none"> • Fiscal period ending February 29, 2024: (182 days from September 1, 2023 to February 29, 2024) • Fiscal period ending August 31, 2024: (184 days from March 1, 2024 to August 31, 2024)
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 of Trust Beneficiary Interests in Domestic Real Estate” announced today: MIMARU Tokyo Hatchobori on September 1, 2023 and D Project Kadoma I on October 2, 2023. • DHR has assumed that, regarding 232 properties (230 properties of real estate and real-estate trust beneficiary interests DHR owns as of today plus two Anticipated Acquisitions), 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, 2024. • 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 5,616 million yen for the fiscal period ending February 29, 2024 and 5,576 million yen for the fiscal period ending August 31, 2024. 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 2,420 million yen for the fiscal period ending February 29, 2024 and 2,449 million yen for the fiscal period ending August 31, 2024. 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 March 2023 and the Anticipated Acquisitions would be expensed starting from the fiscal period ending August 31, 2024, and the total amount thereof is expected to be 28 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 755 million yen for the fiscal period ending February 29, 2024, and 762 million yen for the fiscal period ending August 31, 2024. 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 29, 2024 and to be 1,982 million yen for the fiscal period ending August 31, 2024.
Non-operating expenses	<ul style="list-style-type: none"> • DHR has assumed interest expenses and other borrowing-related expenses, etc. of 1,763 million yen for the fiscal period ending February 29, 2024 and 1,831 million yen for the fiscal period ending August 31, 2024.

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Item	Assumptions
Interest-bearing debt	<ul style="list-style-type: none"> • The balance of outstanding interest-bearing debt is 407,550 million yen as of today. In addition, DHR has assumed that long-term loans of 2,000 million yen would be borrowed on October 2, 2023, 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 409,550 million yen on October 2, 2023. • DHR has assumed that long-term loans of 44,700 million yen that become due by the end of the fiscal period ending August 31, 2024 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, 2024.
Investment units	<ul style="list-style-type: none"> • The total number of investment units is based on 2,320,000 units issued as of today. DHR has assumed there would be no change in the number of issued investment units resulting from the additional issuance of investment units, etc. through the end of the fiscal period ending August 31, 2024.
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 29, 2024 and August 31, 2024. • 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 29, 2024 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 (return of capital) of 1,876 million yen (809 yen per unit) and 95 million yen (41 yen per unit), respectively, and for the fiscal period ending August 31, 2024, total of distributions in excess of earnings would be 1,960 million yen (845 yen per unit), consisting of the allowance for temporary difference adjustments and other distributions in excess of earnings (return of capital) of 1,888 million yen (814 yen per unit) and 71 million yen (31 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 29, 2024 and August 31, 2024.
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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