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For Immediate Release

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**Notice Concerning Revision to Forecast of Results for the Fiscal Period Ending August 2017  
 and Announcement of Forecast of Results for the Fiscal Period Ending February 2018**

Daiwa House REIT Investment Corporation (“DHR”) hereby announces the revision of its forecast of results for the fiscal period ending August 31, 2017 (from March 1, 2017 to August 31, 2017) announced on October 19, 2016 and newly announces its forecast of results for the fiscal period ending February 28, 2018 (from September 1, 2017 to February 28, 2018), as shown below.

There are no changes to DHR’s forecast of results for the fiscal period ended February 28, 2017 (from September 1, 2016 to February 28, 2017) announced on October 19, 2016.

1. Revision of the forecast of results for the fiscal period ending August 31, 2017  
 (from March 1, 2017 to August 31, 2017)

	Operating revenues (million yen)	Operating income (million yen)	Ordinary income (million yen)	Net income (million yen)	Net income per unit (yen)	Distributions per unit (excluding distributions in excess of earnings) (yen)	Distributions in excess of earnings per unit (yen)
Previous forecast (A)	17,576	6,378	5,190	5,190	3,416	4,720	0
Revised forecast (B)	19,341	7,670	6,130	6,129	3,627	4,800	0
Difference (B) – (A)	1,764	1,291	939	939	211	80	—
Percentage change	10.0%	20.3%	18.1%	18.1%	6.2%	1.7%	—

\* Anticipated number of investment units as of the end of the period in previous forecast:  
 1,519,280 units

Anticipated number of investment units as of the end of the period in revised forecast:  
 1,690,000 units (refer to “Investment units” in the attachment, “Assumptions for Forecasts of Results for the Fiscal Periods Ending August 2017 and February 2018” for details)

(Note) All figures are rounded down to the nearest specified unit, and the percentage is rounded to the first decimal place.

Disclaimer: This announcement is prepared for the public disclosure of the revision to forecast of results for the fiscal period ending August 2017 and announcement of forecast of results for the fiscal period ending February 2018 of DHR and has not been prepared for the purpose of soliciting investment.

2. Forecast of results for the fiscal period ending February 28, 2018  
(from September 1, 2017 to February 28, 2018)

	Operating revenues (million yen)	Operating income (million yen)	Ordinary income (million yen)	Net income (million yen)	Net income per unit (yen)	Distributions per unit (excluding distributions in excess of earnings) (yen)	Distributions in excess of earnings per unit (yen)
Forecast for the fiscal period ending February 28, 2018	19,650	7,876	6,552	6,552	3,877	5,050	0

\* Anticipated number of investment units as of the end of the period:

1,690,000 units (refer to “Investment units” in the attachment, “Assumptions for Forecasts of Results for the Fiscal Periods Ending August 2017 and February 2018” for details)

(Note 1) The above forecasts are formulated based on current assumptions shown in the attachment, “Assumptions for Forecasts of Results for the Fiscal Periods Ending August 2017 and February 2018”. Actual operating revenues, operating income, ordinary income, net income, net income per unit, distributions per unit (excluding distributions in excess of earnings per unit) and distributions in excess of earnings per unit may fluctuate due to factors such as the acquisition and sale 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.

(Reference) Forecast of results for the fiscal period ended February 28, 2017  
(from September 1, 2016 to February 28, 2017)

	Operating revenues (million yen)	Operating income (million yen)	Ordinary income (million yen)	Net income (million yen)	Net income per unit (yen)	Distributions per unit (excluding distributions in excess of earnings) (yen)	Distributions in excess of earnings per unit (yen)
Forecast for the fiscal period ended February 28, 2017	17,360	5,354	4,219	4,219	2,777	4,700	0

\* Anticipated number of investment units as of the end of the period: 1,519,280 units

3. Reason for the revision and announcement

DHR revised its forecast since the change of 10% or more is expected to occur in operating revenues due to changes in assumptions for forecast of results for the fiscal period ending August 31, 2017 (from March 1, 2017 to August 31, 2017) announced on October 19, 2016 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 February 28, 2018 (from September 1, 2017 to February 28, 2018) based on the same assumptions as above.

\* 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/>

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## Assumptions for Forecasts of Results for the Fiscal Periods Ending August 2017 and February 2018

Item	Assumptions
Operating period	<ul style="list-style-type: none"> <li>• Fiscal period ending August 31, 2017: (184 days from March 1, 2017 to August 31, 2017)</li> <li>• Fiscal period ending February 28, 2018: (181 days from September 1, 2017 to February 28, 2018)</li> </ul>
Portfolio	<ul style="list-style-type: none"> <li>• DHR assumed that, in addition to 189 properties of real estate and real-estate trust beneficiary interests DHR owns as of today, DHR would acquire 15 properties of real-estate trust beneficiary interests (“Assets Scheduled for Acquisition”) on April 11, 2017 as described in the press release “Notice Concerning Acquisition and Leasing of Trust Beneficiary Interests in Domestic Real Estate” announced today.</li> <li>• DHR assumed that there would be no changes in the composition of DHR’s portfolio (acquisition of new properties or sale of the current assets) until the end of the fiscal period ending February 28, 2018 other than the above.</li> <li>• Changes in the composition of the portfolio may, however, occur in the future.</li> </ul>
Operating revenues	<ul style="list-style-type: none"> <li>• Operating revenues include revenues from rent, common area charges, parking lot usage fees, incidental revenues, utilities expenses and key money, etc. Each of these items is calculated based on past records and future estimates.</li> <li>• DHR assumed that there would be no delinquencies or non-payment of rent by tenants.</li> </ul>
Operating expenses (excluding amortization of goodwill)	<ul style="list-style-type: none"> <li>• Operating expenses mainly comprise expenses related to rental business. Such expenses, excluding depreciation of the current properties, are calculated based on past records, making certain adjustments as appropriate considering factors that may cause changes in expenses.</li> <li>• DHR assumed that DHR would incur depreciation expenses of 3,713 million yen for the fiscal period ending August 31, 2017 and 3,788 million yen for the fiscal period ending February 28, 2018. These figures are calculated based on the straight-line method with incidental expenses added to purchase prices of non-current assets.</li> <li>• DHR estimated property tax, city planning tax and depreciation asset tax of 1,226 million yen for the fiscal period ending August 31, 2017 and 1,226 million yen for the fiscal period ending February 28, 2018. 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 and not included in expenses. Property tax and city planning tax etc. of Hiratsuka Retail Property (Land) acquired on January 31, 2017 and the Assets Scheduled for Acquisition would be expensed starting from the fiscal period ending August 31, 2018.</li> <li>• DHR assumed that DHR would incur 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. 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 due to damage caused by unexpected factors, (ii) generally, there are substantial differences in expenses incurred between each fiscal period, and (iii) such expenses are not incurred regularly.</li> <li>• DHR estimated the selling, general and administrative expenses based on the actual values or rates and other factors for each item individually.</li> </ul>

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Item	Assumptions
Amortization of goodwill	<ul style="list-style-type: none"> <li>• Goodwill is expected to be recorded upon the merger between former Daiwa House Residential Investment Corporation and former Daiwa House REIT Investment Corporation on September 1, 2016 (“the Merger”). In accordance with the Accounting Standard for Business Combinations (Accounting Standards Board of Japan Statement No. 21, amended on September 13, 2013), goodwill is recorded as assets and amortized regularly over a period of up to twenty years on a straight-line basis.</li> <li>• Currently, the amount of goodwill as of September 1, 2016 is provisionally estimated to be 79,289 million yen. Such amount is calculated on the assumption of total amount of assets of 258,479 million yen assumed from former Daiwa House REIT Investment Corporation under such accounting standards, total amount of liabilities assumed of 115,061 million yen, and the acquisition consideration for the Merger of 222,707 million yen.</li> <li>• The amount of goodwill is not yet determined and may change.</li> <li>• Amortization of goodwill is provisionally estimated to be 1,982 million yen for the fiscal periods ending August 31, 2017 and February 28, 2018, respectively.</li> </ul>
Non-operating expenses	<ul style="list-style-type: none"> <li>• DHR assumed one-time costs of 254 million yen for the fiscal period ending August 31, 2017 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.</li> <li>• DHR assumed interest expenses and other related expenses of 1,287 million yen for the fiscal period ending August 31, 2017 and 1,326 million yen for the fiscal period ending February 28, 2018.</li> </ul>
Interest-bearing debt	<ul style="list-style-type: none"> <li>• The balance of outstanding interest-bearing debt is 253,163 million yen as of today. In addition, DHR assumed that (i) investment corporation bonds of 3,000 million yen would be redeemed and long-term loans of 3,000 million yen would be borrowed on March 9, 2017, (ii) long-term loans of 15,095 million yen would be repaid, short-term loans of 6,000 million yen would be prepaid and long-term loans of 21,000 million yen would be borrowed on March 31, 2017 and (iii) long-term loans of 29,500 million yen would be borrowed as part of funds for the acquisition of Assets Scheduled for Acquisition on April 11, 2017. As a result, DHR assumed the remaining amount of interest-bearing debt would be 282,568 million yen on April 11, 2017.</li> <li>• DHR assumed long-term loans of 12,400 million yen that become due by the end of the fiscal period ending August 31, 2017 would be fully refinanced.</li> <li>• DHR assumed long-term loans of 16,000 million yen that become due by the end of the fiscal period ending February 28, 2018 would be fully refinanced.</li> <li>• Other than the above, DHR assumed the balance of outstanding interest-bearing debt would be unchanged until the end of the fiscal period ending February 28, 2018.</li> </ul>

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Item	Assumptions
Investment units	<ul style="list-style-type: none"> <li>• In addition to the 1,519,280 units issued as of today, DHR assumed that the total of 170,720 units, which is the maximum number of investment units planned to be newly issued through issuance of new investment units via public offering, assuming over-allotment option is fully exercised (maximum 14,000 units) which was resolved at the meeting of the board of directors of DHR held today, would be issued.</li> <li>• 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 August 31, 2017 and February 28, 2018 will be 1,690,000 investment units including the expected 170,720 units to be newly issued.</li> <li>• Other than the above, DHR 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 February 28, 2018.</li> </ul>
Distributions per unit	<ul style="list-style-type: none"> <li>• For distributions (distributions per unit), DHR assumed to payout distribution within the amount of net income following certain adjustments in accordance with the distribution policy stipulated in DHR's Articles of Incorporation. In addition, DHR assumed to make distributions from reserve for distribution of 1,982 million yen (or 1,172 yen per unit) in the fiscal periods ending August 31, 2017 and February 28, 2018, respectively.</li> <li>• Changes in DHR's portfolio, fluctuations in rental revenues due to changes in tenants and other factors, unexpected repairs and maintenance expenses and other factors may change in the amount of distributions per unit.</li> </ul>
Distributions in excess of earnings per unit	<ul style="list-style-type: none"> <li>• DHR has no plans to pay distributions in excess of earnings as of today.</li> </ul>
Others	<ul style="list-style-type: none"> <li>• DHR assumed 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.</li> <li>• DHR's forecasts assume no unforeseen significant changes in general economic trends or conditions in the real estate market.</li> </ul>

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