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For Immediate Release

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**Notice Concerning Revision to Forecast of Results**  
**for the Fiscal Period Ending August 2014 and**  
**Forecast of Results for the Fiscal Period Ending February 2015**

Daiwa House REIT Investment Corporation (“DHR”) hereby announces the revision to its forecast of results for the fiscal period ending August 2014 (from March 1, 2014 to August 31, 2014) announced on January 29, 2014 and newly announces its forecast of results for the fiscal period ending February 2015 (from September 1, 2014 to February 28, 2015), as shown below.

Meanwhile, there are no changes to its forecast of results for the fiscal period ended February 2014 (from September 1, 2013 to February 28, 2014) it announced on October 18, 2013.

1. Revision to the forecast of results for the fiscal period ending August 2014  
(from March 1, 2014 to August 31, 2014)

	Operating revenues (millions of yen)	Operating income (millions of yen)	Ordinary income (millions of yen)	Net income (millions of yen)	Distributions per unit (yen) (excluding distributions in excess of earnings per unit)	Distributions in excess of earnings per unit (yen)
Previous forecast (A)	4,124	2,248	1,879	1,879	7,650	0
Revised forecast (B)	4,916	2,810	2,289	2,289	7,800	0
Difference (B) – (A)	792	562	410	410	150	—
Percentage change	19.2%	25.0%	21.8%	21.8%	2.0%	—

\*Anticipated number of investment units outstanding at the end of the period in previous forecast:  
245,080 units (after investment unit split on March 1, 2014)

Anticipated number of investment units outstanding at the end of the period in revised forecast:  
293,480 units (refer to “Investment units” in the attachment, “Assumptions for Forecasts of Results for the Fiscal Period Ending August 2014 and February 2015” for details)

Disclaimer: This announcement is prepared for the public disclosure of the revision to forecast of results for the fiscal period ending August 2014 and forecast of results for the fiscal period ending February 2015 of DHR and has not been prepared for the purpose of soliciting investment. DHR requests that investors make an investment based on their own responsibility and on their own judgment after making sure to read the prospectus for the new investment units and secondary offering of investment units, as well as any revisions thereto (if any), prepared by DHR.

2. Forecast of results for the fiscal period ending February 2015  
(from September 1, 2014 to February 28, 2015)

	Operating revenues (millions of yen)	Operating income (millions of yen)	Ordinary income (millions of yen)	Net income (millions of yen)	Distributions per unit (yen) (excluding distributions in excess of earnings per unit)	Distributions in excess of earnings per unit (yen)
Forecast for fiscal period ending February 2015	5,055	2,872	2,407	2,406	8,200	0

\* Anticipated number of investment units outstanding at the end of the period:  
293,480 units (refer to “Investment units” in the attachment, “Assumptions for Forecasts of Results for the Fiscal Period Ending August 2014 and February 2015” for details)

(Note 1) The above forecasts are formulated based on current assumptions shown in the attachment, “Assumptions for Forecast of Results for the Fiscal Periods Ending August 2014 and February 2015.” Actual operating revenues, operating income, ordinary income, net income, distributions per unit and distributions in excess of earnings per unit may fluctuate due to factors such as the acquisition and sale of real estate, etc., in the future, developments in the real estate market, etc., additional issuances of new investment units in the future and other changes in circumstances surrounding DHR. The forecasts do not guarantee the distribution amount.

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

(Note 3) All figures are rounded down to the nearest unit, and the percentage is rounded off to the first decimal place.

(Reference)

Forecast of results for the fiscal period ended February 2014 (from September 1, 2013 to February 28, 2014)

	Operating revenues (millions of yen)	Operating income (millions of yen)	Ordinary income (millions of yen)	Net income (millions of yen)	Distributions per unit (yen) (excluding distributions in excess of earnings per unit)	Distributions in excess of earnings per unit (yen)
Forecast for fiscal period ended February 2014	4,145	2,281	1,917	1,916	15,600	0

\* Anticipated number of investment units outstanding at the end of the period: 122,540 units

3. Reason for the revision and announcement

DHR has revised its forecast due to changes in assumptions for forecast of results for the fiscal period ending August 2014 announced on January 29, 2014 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”, acquisition of assets announced today in the press release “Notice Concerning Acquisition of Trust Beneficiary Interests in Domestic Real Estate” and acquisition of Top Mall Inazawa (land) on February 25, 2014.

Accordingly, DHR announces new forecast of results for the fiscal period ending February 2015 based on the same assumptions as above along with such.

\* Distribution of this material: This material is distributed to “Kabuto Club” (a media correspondents’ club at the Tokyo Stock Exchange, Inc.), 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.jp>

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(Attachment)

Assumptions for Forecasts of Results for the Fiscal Period Ending August 2014 and February 2015

Item	Assumptions
Operating period	<ul style="list-style-type: none"> <li>• Fiscal period ending August 2014 (13th fiscal period: 184 days from March 1, 2014 to August 31, 2014)</li> <li>• Fiscal period ending February 2015 (14th fiscal period: 181 days from September 1, 2014 to February 28, 2015)</li> </ul>
Portfolio	<ul style="list-style-type: none"> <li>• DHR has assumed that DHR will continue to hold until February 28, 2015, portfolio of 32 properties, comprising trust beneficiary interests in 26 properties already held by DHR (“current assets”) and trust beneficiary interests in 6 properties DHR plans to acquire (“assets scheduled for acquisition”) that have been resolved at the board of directors’ meeting held today.</li> <li>• DHR has assumed that D Project Kuki I, D Project Kuki II, D Project Kawagoe I, D project Kawagoe II, DPL Inuyama, and D Project Fukuoka Hakozaki, which are assets scheduled for acquisition, will be acquired on April 1, 2014.</li> <li>• DHR has assumed that there will be no changes in the composition of DHR’s portfolio (acquisition of new properties or sale of the current assets) until August 31, 2014 and February 28, 2015 other than the above.</li> <li>• Changes in the composition of the portfolio may, however, occur.</li> </ul>
Operating revenues	<ul style="list-style-type: none"> <li>• DHR’s assumption for revenues from property leasing for the current assets is calculated based on lease agreements effective as of today, and market trends, etc. DHR has calculated revenues from property leasing of the assets scheduled for acquisition taking into account information provided by the current owners of each property, lease agreements scheduled to be effective as of the acquisition dates of the properties and market trends.</li> <li>• DHR has assumed no delinquencies or non-payment of rents by tenants.</li> </ul>
Operating expenses	<ul style="list-style-type: none"> <li>• Operating expenses mainly comprise rental expenses. DHR’s assumption for those expenses on the current assets, excluding depreciation expenses, is calculated based on actual performance, making certain adjustments as appropriate considering factors causing changes in expenses. DHR has calculated those expenses for the anticipated acquisitions based on past performance using information provided by the current owners of each property, making certain adjustments as appropriate considering factors causing changes in expenses.</li> <li>• DHR has assumed that DHR will incur depreciation expenses of ¥1,012 million for the fiscal period ending August 2014 and ¥1,045 million for the fiscal period ending February 2015. These figures including such as incidental expenses are calculated using the straight-line method.</li> <li>• DHR has estimated property tax and city planning tax, etc. at ¥366 million for the fiscal period ending August 2014 and ¥366 million for the fiscal period ending February 2015. Generally, when a property is sold, the purchaser of the property typically reimburses the seller for the pro rata portion of property tax and city planning tax, etc. that has previously been paid by the seller. However, this reimbursed amount is usually included in the acquisition cost and is not booked under expenses. Property tax and city planning tax, etc. for Top Mall Inazawa (land) already acquired on February 25, 2014 and assets scheduled for acquisition will be expensed from the fiscal period ending August 2015. DHR has assumed that ¥158 million of property tax and city planning tax, etc. will be included in the acquisition costs for the Top Mall Inazawa (land) and the assets scheduled for acquisition.</li> </ul>

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Item	Assumptions
	<ul style="list-style-type: none"> <li>DHR has assumed that DHR will incur certain repair and maintenance expenses in each fiscal period for the ongoing repair and maintenance of the properties in our portfolio based on the medium- to long-term repair and maintenance plan prepared by the Asset Manager. However, actual repair and maintenance expenses in each fiscal period may differ substantially from DHR's forecasts, as (i) DHR may incur expenses for urgent repairs to properties due to damage caused 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.</li> </ul>
Non- operating expenses	<ul style="list-style-type: none"> <li>DHR has assumed one-time costs of ¥65 million for the fiscal period ending August 2014 as expenses related to issuance of new investment units resolved at the board of directors meeting of DHR held today.</li> <li>DHR has assumed interest expenses and other borrowing-related expenses of ¥456 million for the fiscal period ending August 2014 and ¥466 million for the fiscal period ending February 2015.</li> </ul>
Borrowings	<ul style="list-style-type: none"> <li>DHR has outstanding borrowings of ¥63,000 million as of today. In addition to it, DHR intends to secure new borrowings of ¥11,500 million long-term loans, which have been resolved at a meeting of the board of directors of DHR held today, on April 1, 2014. Based on this, DHR has assumed the balance of outstanding loans to be ¥74,500 million as of August 31, 2014.</li> <li>DHR has assumed this balance of outstanding loans will be unchanged until February 28, 2015.</li> </ul>
Investment units	<ul style="list-style-type: none"> <li>In addition to the 245,080 units outstanding as of today, DHR has assumed that all of the total of 48,400 units, which is the maximum number of investment units planned to be newly issued through issuance of new investment units through public offering (44,000 units) and issuance of new investment units through third-party allotment (maximum 4,400 units) which was resolved at the board of directors meeting of DHR held today, will be issued.</li> <li>Other the above, DHR has assumed there will be no change in the number of investment units outstanding resulting from the additional issuance of investment units, etc. until August 31, 2014 and February 28, 2015.</li> <li>Net income per unit and distributions per unit are calculated based on the assumption that the number of investment units outstanding as of August 31, 2014 and February 28, 2015 will total 293,480 investment units including the above maximum number of 48,400 new investment units to be issued.</li> </ul>
Distribution per unit	<ul style="list-style-type: none"> <li>DHR has calculated distributions (distributions per unit) based on the distribution policy prescribed in DHR's Articles of Incorporation.</li> <li>Changes in DHR's portfolio, fluctuations in rental revenues due to changes in tenants and other factors, unforeseen repair and maintenance expenses and other factors may lead to changes in the amount of distributions per unit.</li> </ul>
Distributions in excess of earnings per unit	<ul style="list-style-type: none"> <li>DHR currently has no plans to pay distributions in excess of earnings.</li> </ul>
Others	<ul style="list-style-type: none"> <li>DHR's forecasts assume no impact from revisions to laws and ordinances, tax systems, accounting standards, securities listing regulations and related rules or the regulations and rules of The Investment Trusts Association, Japan, etc.</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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