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For Immediate Release

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Notice Concerning Forecasts of Results
for the Fiscal Periods Ending February 2013 and August 2013

Daiwa House REIT Investment Corporation (“DHR”) hereby announces its forecasts of results for the fiscal periods ending February 2013 (September 1, 2012 – February 28, 2013: 10th fiscal period) and August 2013 (March 1, 2013 – August 31, 2013: 11th fiscal period), as shown below.

	Operating revenues (millions of yen)	Net income (millions of yen)	Distributions per unit (¥)	Distributions in excess of earnings per unit (¥)
10th fiscal period	2,421	813	6,420	–
11th fiscal period	4,004	1,769	14,430	–

(Reference)

10th fiscal period

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

Projected net income per unit: ¥6,640

11th fiscal period

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

Projected net income per unit: ¥14,430

Cautions: This announcement is prepared for the public disclosure of the forecasts of results for the fiscal periods ending February 2013 and August 2013 of DHR and has not been prepared for the purpose of soliciting investment.

This announcement does not constitute an offer of securities for sale in the United States. The investment units of DHR have not been and will not be registered under the United States Securities Act of 1933, as amended (the “Securities Act”). The investment units may not be offered or sold in the United States absent registration or an exemption from registration under the Securities Act. If any public offering of securities is made in the United States, it will be made by means of an English language prospectus that may be obtained from DHR or any selling security holder and that will contain detailed information about DHR and its management, as well as financial statements of DHR.

(Notes)

1. The above forecasts are formulated based on current assumptions shown in the attachment, “Assumptions for Forecasts of Results for the Fiscal Periods Ending February 2013 and August 2013.” Actual operating revenues, net income, distributions per unit and distributions in excess of earnings per unit may differ from these forecasts 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.
2. DHR may revise the above forecasts in the event that results are anticipated to differ substantially from the forecasts.
3. All figures are rounded down to the nearest unit, also applicable below.

* 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 Periods Ending February 2013 and August 2013

Item	Assumptions
Operating period	<ul style="list-style-type: none"> Fiscal period ending February 2013 (181 days from September 1, 2012 to February 28, 2013: 10th fiscal period) Fiscal period ending August 2013 (184 days from March 1, 2013 to August 31, 2013: 11th fiscal period)
Portfolio	<ul style="list-style-type: none"> In addition to trust beneficiary rights in 4 properties (real estate) already held by DHR (“current properties”), we plan to acquire trust beneficiary rights in an additional 20 properties (real estate) (“anticipated acquisitions”) using the proceeds from the issuance of new investment units and borrowings. We have assumed that of the 20 anticipated acquisitions, 10 properties will be acquired on November 28, 2012 (D Project Aikawa-Machi, D Project Urayasu I, D Project Akanehama, D Project Noda, D Project Inuyama, D Project Neyagawa, D Project Sapporo Minami, D Project Sendai Minami, D Project Gotenba and D Project Nishi-Hiroshima), and the remaining 10 properties will be acquired on November 29, 2012 (D Project Machida, D Project Hachioji, D Project Shin-Misato, D Project Urayasu II, D Project Gifu, D Project Morioka, D Project Tsuchiura, D Project Fukuoka Umi, D Project Tosu and FOLEO Sendai Miyanomori). We have assumed that there will be no changes in the composition of our portfolio (acquisition of new properties or sale of the current properties) until August 31, 2013 other than the acquisition of the above 20 properties on the said dates. Changes in the composition of the portfolio may, however, occur.
Operating revenues	<ul style="list-style-type: none"> Our assumption for revenues from property leasing for the current properties is calculated based on actual performance for the fiscal period ended August 2012, making certain adjustments as appropriate considering factors causing changes in rent amount. In addition, we have calculated revenues from property leasing of the anticipated acquisitions 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. We have assumed no delinquencies or non-payment of rents by tenants.

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Operating expenses	<ul style="list-style-type: none"> Operating expenses mainly comprise rental expenses. Our assumption for those expenses, excluding depreciation expenses of the current properties, is calculated based on actual performance for the fiscal period ended August 2012, making certain adjustments as appropriate considering factors causing changes in expenses. In addition, we have 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. We have assumed that we will incur depreciation expenses including some depreciation-related expenses of approximately ¥628 million for the 10th fiscal period and ¥862 million for the 11th fiscal period. These figures are calculated using the straight-line method. 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 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. Accordingly, with respect to the anticipated acquisitions, we have assumed that property tax, city planning tax and depreciable assets tax for fiscal 2012 will be expensed from the 11th fiscal period. We have assumed that ¥152 million of property tax, city planning tax and depreciable assets tax would be included in the acquisition costs for the anticipated acquisitions. We have assumed that we 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 (Daiwa House REIT Management Co., Ltd.). However, actual repair and maintenance expenses in each period may differ substantially from our forecasts, as (i) we may incur expenses for urgent repairs to properties due to damage caused by a number of factors that are difficult to foresee, (ii) generally, there is a substantial difference in expenses incurred between each fiscal year, and (iii) expenses are not incurred based on a regular schedule.
Non-operating expenses	<ul style="list-style-type: none"> We have assumed one-time costs of ¥335 million for the 10th fiscal period, in connection with the listing and public offering of the investment units. We have also assumed interest expenses and other borrowing-related expenses of ¥248 million for the 10th fiscal period and ¥409 million for the 11th fiscal period.
Borrowings	<ul style="list-style-type: none"> DHR currently has no outstanding loans. We intend to secure new borrowings totaling ¥61,000 million on November 29, 2012 from qualified institutional investors as defined in Article 2, Paragraph 3, Item 1 of the Financial Instruments and Exchange Act. Based on this, we have assumed the balance of outstanding loans to be ¥61,000 million as of February 28, 2013. We have assumed this balance of outstanding loans will be unchanged until August 31, 2013.

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Investment units	<ul style="list-style-type: none"> • In addition to the 117,400 units outstanding as of November 28, 2012, we have assumed that the maximum number of 5,140 units will be issued through third party allotment, which was resolved for the issuance at a meeting of board of directors of DHR held on October 24, 2012. • Excluding the above, we have assumed there will be no change in the number of units outstanding resulting from the issuance of additional investment units, etc., until August 31, 2013. • Net income per unit and distributions per unit are calculated based on the assumption that the number of units outstanding as of February 28, 2013 and August 31, 2013 will total 122,540 units, including the above maximum number of 5,140 new units to be issued.
Distributions per unit	<ul style="list-style-type: none"> • We have calculated distributions (distributions per unit) based on the distribution policy prescribed in DHR's Articles of Incorporation. • Changes in our 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.
Distributions in excess of earnings per unit	<ul style="list-style-type: none"> • DHR currently has no plans to pay distributions in excess of earnings.
Others	<ul style="list-style-type: none"> • Our 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. • Our forecasts assume no unforeseen significant changes in general economic trends or conditions in the real estate market.

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