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For Immediate Release

REIT Issuer:

Daiwa House REIT Investment Corporation
2-4-8, Nagatacho, Chiyoda-ku, Tokyo
Jiro Kawanishi, Executive Director
(TSE Code: 8984)

Asset Manager:

Daiwa House Asset Management Co., Ltd.
Koichi Tsuchida, President and CEO

Inquiries:

Haruto Tsukamoto, Director and CFO
TEL. +81-3-3595-1265

Notice Concerning Dismissal of Final Appeal against Court Judgement of
Lawsuit over Confirmation of Rent Reduction

Daiwa House REIT Investment Corporation (“DHR”) has been subject to the lawsuit over confirmation of rent reduction filed against Mitsubishi UFJ Trust and Banking Corporation, the trustee of DHR’s investment property D Project Shin-Misato (the “Property”), by Asahi Security Co., Ltd., the tenant of the Property. DHR hereby announces the Supreme Court dismissed DHR’s appeal on October 2, 2018.

1. Background of the lawsuit

Asahi Securities Co., Ltd., the tenant of the Property, filed a claim in the Tokyo District Court on June 27, 2014 against Mitsubishi UFJ Trust and Banking Corporation, the trustee of the Property, to confirm the reduction of the current level of rent by approximately 16% for the period from May 1, 2014 onward. DHR believes the current level of rent is reasonable and has pleaded to that effect through the trustee at the court proceedings. The Tokyo District Court rendered a judgement of the first instance on July 24, 2017, confirming the reduction of the current level of rent by approximately 6% for the period from May 1, 2014 onward. DHR appealed to the Tokyo High Court on August 4, 2017 and the Tokyo High Court rendered the judgement on April 11, 2018, confirming the reduction of the current level of rent by approximately 6% for the period from May 29, 2014 onward. DHR appealed to the Supreme Court on April 18, 2018 and the Supreme Court dismissed DHR’s appeal on October 2, 2018.

2. Outlook

After giving comprehensive consideration to how the lawsuit unfolded, DHR has already recorded provision for loss on litigation for the estimated amount of loss in the fiscal period ended February 2018 and the prior periods. DHR has also included provision for loss on litigation for the estimated amount of loss in the forecast of operating results for the fiscal periods ending August 2018 and February 2019. Therefore, the impact on the operating results for the fiscal periods ending August 2018 and February 2019 will be minimal and there are no revisions to the forecast.

Reference:

- ◆ “Notice Concerning Case Brought against Daiwa House REIT to Confirm Rent Reduction of its Investment Property” dated July 28, 2014
- ◆ “Notice Concerning Court Judgement of Lawsuit over Confirmation of Rent Reduction” dated July 24, 2017
- ◆ “Notice Concerning Appeal against Court Judgement of Lawsuit over Confirmation of Rent Reduction” dated August 4, 2017
- ◆ “Notice Concerning Appeal Court Judgement of Lawsuit over Confirmation of Rent Reduction” dated April 11, 2018
- ◆ “Notice Concerning Final Appeal against Court Judgement of Lawsuit over Confirmation of Rent Reduction” dated April 18, 2018

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