

February 28, 2018

For Immediate Release

Investment Corporation:
 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 Revision to Forecast of Results for the Fiscal Period Ending August 2018
 and Announcement of Forecast of Results for the Fiscal Period Ending February 2019**

Daiwa House REIT Investment Corporation (“DHR”) hereby announces the revision of its forecast of results for the fiscal period ending August 31, 2018 (from March 1, 2018 to August 31, 2018) announced on October 18, 2017 and newly announces its forecast of results for the fiscal period ending February 28, 2019 (from September 1, 2018 to February 28, 2019), as shown below.

There are no changes to DHR’s forecast of results for the fiscal period ended February 28, 2018 (from September 1, 2017 to February 28, 2018) announced on October 18, 2017.

1. Revision of the forecast of results for the fiscal period ending August 31, 2018
 (from March 1, 2018 to August 31, 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)
Previous forecast (A)	19,621	7,566	6,303	6,298	3,727	4,900	0
Revised forecast (B)	22,073	9,174	7,561	7,556	3,921	4,950	0
Difference (B) – (A)	2,451	1,608	1,257	1,257	194	50	—
Percentage change	12.5%	21.3%	20.0%	20.0%	5.2%	1.0%	—

* Anticipated number of investment units as of the end of the period in previous forecast:
 1,690,000 units

Anticipated number of investment units as of the end of the period in revised forecast:
 1,927,000 units (refer to “Investment units” in the attachment, “Assumptions for Forecasts of Results for the Fiscal Periods Ending August 2018 and February 2019” for details)

Disclaimer: This announcement is prepared for the public disclosure of the revision to forecast of results for the fiscal period ending August 2018 and announcement of forecast of results for the fiscal period ending February 2019 of DHR and has not been prepared for the purpose of soliciting investment.

2. Forecast of results for the fiscal period ending February 28, 2019
(from September 1, 2018 to February 28, 2019)

	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, 2019	22,683	9,550	8,139	8,134	4,221	5,250	0

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

1,927,000 units (refer to “Investment units” in the attachment, “Assumptions for Forecasts of Results for the Fiscal Periods Ending August 2018 and February 2019” 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 2018 and February 2019”. Actual figures 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, 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 ended February 28, 2018	19,540	7,792	6,556	6,552	3,877	5,050	0

* Anticipated number of investment units as of the end of the period: 1,690,000 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, 2018 (from March 1, 2018 to August 31, 2018) announced on October 18, 2017 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, 2019 (from September 1, 2018 to February 28, 2019) 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/>

Disclaimer: This announcement is prepared for the public disclosure of the revision to forecast of results for the fiscal period ending August 2018 and announcement of forecast of results for the fiscal period ending February 2019 of DHR and has not been prepared for the purpose of soliciting investment.

Assumptions for Forecasts of Results for the Fiscal Periods Ending August 31, 2018 and February 28, 2019

Item	Assumptions
Operating period	<ul style="list-style-type: none"> • Fiscal period ending August 31, 2018: (184 days from March 1, 2018 to August 31, 2018) • Fiscal period ending February 28, 2019: (181 days from September 1, 2018 to February 28, 2019)
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 and Leasing of Trust Beneficiary Interests in Domestic Real Estate” announced today: Royal Home Center Morinomiya (Land) on March 27, 2018; FOLEO Otsu Ichiriyama, FOLEO Hakata and Daiwa Roynet Hotel Yokohama Kannai on April 3, 2018; DPL Fukuoka Kasuya, D Project Inuyama (Additional acquisition), D Project Kawagoe IV, D Project Kuki VII, D Project Chibakita, D Project Matsudo II, D Project Tomisato II, D Project Osaka Hirabayashi, D Project Sendai Izumi II, D Project Kaminokawa, D Project Fuji and D Project Tosu III on April 10, 2018. • DHR has assumed that, regarding 214 properties (199 properties of real estate and real-estate trust beneficiary interests DHR owns as of today plus 16 Anticipated Acquisitions (including additional acquisition of D Project Inuyama)), 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, 2019 other than the above. • Changes in the composition of the portfolio may, however, occur in the future.
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.

Disclaimer: This announcement is prepared for the public disclosure of the revision to forecast of results for the fiscal period ending August 2018 and announcement of forecast of results for the fiscal period ending February 2019 of DHR and has not been prepared for the purpose of soliciting investment.

Item	Assumptions
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 4,312 million yen for the fiscal period ending August 31, 2018 and 4,430 million yen for the fiscal period ending February 28, 2019. 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 1,466 million yen for the fiscal period ending August 31, 2018 and 1,465 million yen for the fiscal period ending February 28, 2019. 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 for the Anticipated Acquisitions would be expensed starting from the fiscal period ending August 31, 2019. • DHR has 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 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 individually.
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 August 31, 2018 and to be 1,982 million yen for the fiscal period ending February 28, 2019.
Non-operating expenses	<ul style="list-style-type: none"> • DHR has assumed one-time costs of 215 million yen for the fiscal period ending August 31, 2018 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. • DHR has assumed interest expenses and other borrowing-related expenses, etc. of 1,400 million yen for the fiscal period ending August 31, 2018 and 1,412 million yen for the fiscal period ending February 28, 2019.

Disclaimer: This announcement is prepared for the public disclosure of the revision to forecast of results for the fiscal period ending August 2018 and announcement of forecast of results for the fiscal period ending February 2019 of DHR and has not been prepared for the purpose of soliciting investment.

Item	Assumptions
Extraordinary loss	<ul style="list-style-type: none"> A case was brought against Mitsubishi UFJ Trust and Banking Corporation, the trustee of D Project Shin-Misato by Asahi Security Co., Ltd., the tenant of that property, concerning claims for rent reduction of an amount approximately 16% less than the current rate from May 2014 onward on June 27, 2014 (hereinafter referred to as the “Case”). Judgement was rendered by the Tokyo District Court on July 24, 2017, ordering the reduction of the current level of rent by approximately 6% for the period from May 2014 onward. Due to differences between the judgement and the details of DHR’s claim, DHR through the trustee, appealed the judgement in the Tokyo High Court on August 4, 2017. DHR has calculated provision for loss on the litigation of 4 million yen for the fiscal period ending August 31, 2018 and 4 million yen for the fiscal period ending February 28, 2019 based on rent judged most likely as of the date of this announcement after giving comprehensive consideration to how the Case has unfolded. (The amounts include the statutory interests applicable to the reduction portion of rent, including that of prior years.)
Interest-bearing debt	<ul style="list-style-type: none"> The balance of outstanding interest-bearing debt is 282,268 million yen as of today. In addition, DHR has assumed that long-term loans of 2,500 million yen would be borrowed on March 27, 2018 and 29,500 million yen on April 10, 2018 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 314,268 million yen on April 10, 2018. 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 February 28, 2019.
Investment units	<ul style="list-style-type: none"> In addition to the 1,690,000 units issued as of today, DHR has assumed that the total of 222,000 units, which is the maximum number of investment units planned to be newly issued through issuance of new investment units via public offering (237,000 units, assuming over-allotment option is fully exercised (maximum 15,000 units)) which was resolved at the meeting of the board of directors of DHR held today, would be issued. 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, 2018 and February 28, 2019 will be 1,927,000 investment units including the expected 237,000 units to be newly issued as noted above. Other than the above, DHR has 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, 2019.
Distributions per unit	<ul style="list-style-type: none"> For distributions (distributions per unit), DHR has assumed that a distribution would be made with limits of the amount of profit in accordance with the distribution policy prescribed in DHR’s Articles of Incorporation. In addition, DHR has assumed that for the amount equivalent to amortization of goodwill described in “Amortization of goodwill” above, reserve for temporary difference adjustment, apart from net income, would be partially reversed and used as funds for payment, and the reserve for temporary difference adjustment of 1,982 million yen (1,028 yen per unit) and 1,982 million yen (1,028 yen per unit) would be reversed and used as funds for payments in the fiscal periods ending August 31, 2018 and February 28, 2019, respectively. 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.

Disclaimer: This announcement is prepared for the public disclosure of the revision to forecast of results for the fiscal period ending August 2018 and announcement of forecast of results for the fiscal period ending February 2019 of DHR and has not been prepared for the purpose of soliciting investment.

Item	Assumptions
Distributions in excess of earnings per unit	<ul style="list-style-type: none"> • DHR has no plans to pay distributions in excess of earnings (distributions in excess of earnings per unit) as of today.
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.

Disclaimer: This announcement is prepared for the public disclosure of the revision to forecast of results for the fiscal period ending August 2018 and announcement of forecast of results for the fiscal period ending February 2019 of DHR and has not been prepared for the purpose of soliciting investment.