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## **Supplementary Material for Sale of Properties and Distribution Forecast**

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This supplementary material is based on the contents disclosed in the press releases “Notice Concerning Disposition of Domestic Real Estate and Trust Beneficiary Interest in Real Estate” and “Notice Concerning Revision to Forecast of Results for the Fiscal Periods Ending February 28, 2021 and August 31, 2021” dated December 18, 2020 and summaries the related information.

This material includes forward-looking information that reflects the plans and expectations of Daiwa House REIT Investment Corporation (“DHR”). Such forward-looking information is based on certain assumptions and beliefs of DHR in light of the information currently available to DHR. Actual figures may fluctuate and DHR cannot guarantee the forecasted figures. Please refer to the press releases listed above and the “Notes” on page three for details of the assumptions.

- ◆ Selling three residential properties at much higher price than appraisal value
- ◆ Improving portfolio quality and management efficiency and allocating funds for future property replacement

## Overview of properties scheduled for sale

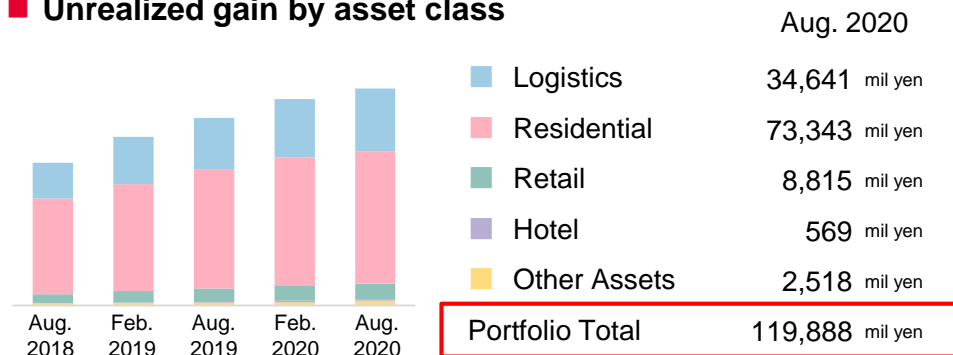
	Castalia Maruyama Urasando	Castalia Maruyama Omotesando	Big Tower Minami Sanjo	Total
Acquisition price	411 mil yen	1,740 mil yen	1,740 mil yen	3,891 mil yen
Appraisal value	511 mil yen	2,000 mil yen	2,760 mil yen	5,271 mil yen
Anticipated sale price	720 mil yen	2,055 mil yen	3,515 mil yen	6,290 mil yen
Anticipated gain on sale	344 mil yen	492 mil yen	2,209 mil yen	3,045 mil yen
Yearly average occupancy ratio	92.4 %	90.7 %	92.7 %	
Property age	13.4 years	13.0 years	13.5 years	
Anticipated date of sale	Dec. 21, 2020	Jan. 29, 2021	Mar. 1, 2021	

## Key points of sale

- ◆ Recording **gain on sale of 3.0 Bn yen** by **selling at 6.2 Bn yen** 3 residential properties in Sapporo City, Hokkaido
- ◆ **Sale price is much higher than the appraisal value** on the back of strong trading market for residential properties

Anticipated vs Appraisal value **+19.3%**  
 sale price vs Anticipated book value **+108.0%**

## Unrealized gain by asset class

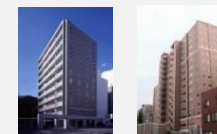


Realizing part of unrealized gain of over 110 Bn yen

## Background of sale

- ◆ Castalia Maruyama Urasando and Castalia Maruyama Omotesando

→ **Declining occupancy ratio and the risk of future rent reduction**



- ◆ Big Tower Minami Sanjo

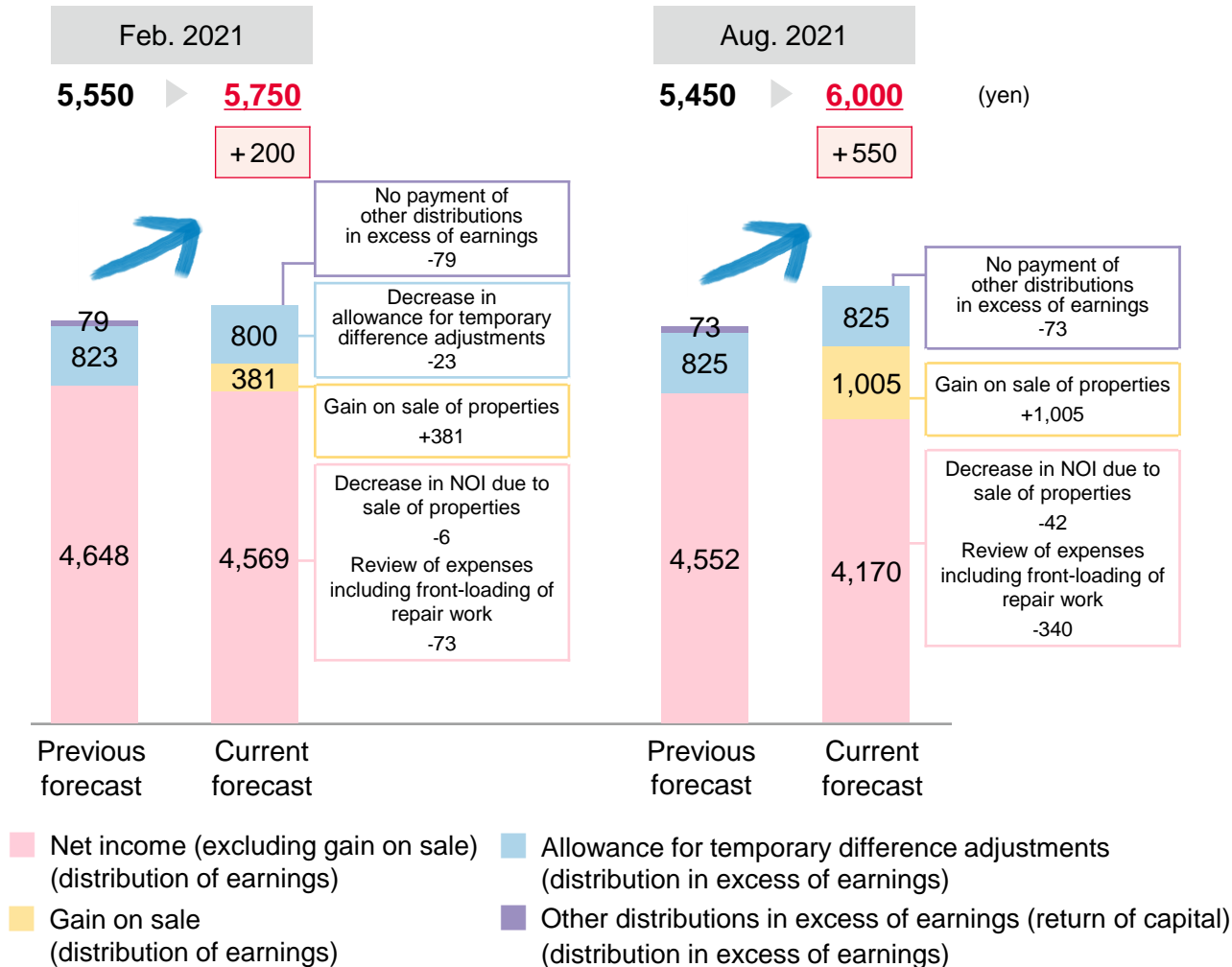
→ **Expected increase in expenses due to large-scale repair work planned**



# Upward Revision of Forecast DPU

- ◆ Returning gain on sale to unitholders by distribution over Feb. 2021 and Aug. 2021 periods
- ◆ Proceeds of sale will be also used to strategically bring forward repair work and acquire logistics properties

## ■ Upward revision of forecast DPU



- Returning gain on sale of properties to unitholders
- ◆ Returning gain to unitholders by selling properties **over Feb. 2021 and Aug. 2021 periods**
- ◆ **Strategically bringing forward repair work** with a focus on logistics properties in greater Tokyo area and residential properties in 23 wards of Tokyo to improve portfolio quality
- ◆ Our aim is to **improve cash flow stability and profitability by cutting back future repairs and maintenance expenses**
- ◆ The remainder of the proceeds from sale will be reserved as **funds for acquiring assets such as large-scale logistics properties**

- The amounts presented in this material are rounded down to the nearest unit, and the ratios and years are rounded to the nearest tenth.
- “Acquisition price” does not include various expenses related to acquisitions, settlement money such as taxes and dues, and consumption taxes, etc.
- “Appraisal value” indicates the appraisal value as of August 31, 2020.
- “Anticipated sale price” does not include various expenses related to dispositions, settlement money such as taxes and dues, and consumption taxes, etc.
- “Anticipated gain on sale” indicates the forecast amounts.
- “Yearly average occupancy rate” indicates the average of month-end occupancy rates for one year period from September 2019 to August 2020.
- “Property age” indicates the property age as of each anticipated date of sale.
- “Anticipated book value” indicates the anticipated book value as of each anticipated date of sale.
- “Unrealized gain” indicates the difference between the appraisal value and the book value as of the end of each fiscal period.
- “Per unit” amounts are the forecast amounts divided by 2,196,000 units, which is the number of investment units issued as of today.