Daiwa House REIT Investment Corporation

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For Immediate Release

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Notice Concerning Revision to Forecast of Results and Distributions for the Fiscal Periods Ending August 31, 2025 and February 28, 2026

Daiwa House REIT Investment Corporation ("DHR") hereby announces the revision of its forecast of results and distributions for the fiscal period ending August 31, 2025 (from March 1, 2025 to August 31, 2025) and the fiscal period ending February 28, 2026 (from September 1, 2025 to February 28, 2026) announced on April 16, 2025, as shown below.

1. Reason for the revision

DHR has revised its forecast because forecast distributions per unit is expected to vary by more than 5% as a result of changes in assumptions for forecast of results for the fiscal period ending August 31, 2025 and the fiscal period ending February 28, 2026 as announced on April 16, 2025, as a result of the disposition of D Project Machida as announced in the press release "Notice Concerning Acquisition and Disposition of Trust Beneficiary Interests in Domestic Real Estate" and the 2-for-1 split of investment units to be effective on September 1, 2025 as announced in the press release "Notice Concerning Investment Unit Split and Partial Amendment of Articles of Incorporation" today.

2. Revision of the forecast of results and distributions

(1) Revision of the forecast of results and distributions for the fiscal period ending August 31, 2025 (from March 1, 2025 to August 31, 2025)

	Operating revenues (million yen)	Operating income (million yen)	Ordinary income (million yen)	Net income (million yen)	Distributions per unit (including distributions in excess of earnings) (yen)	Distributions per unit (excluding distributions in excess of earnings) (yen)	Distributions in excess of earnings per unit (yen)
Previous forecast (A)	33,575	16,534	14,562	14,561	6,200	6,200	-
Revised forecast (B)	34,132	16,815	14,843	14,842	6,500	6,467	33
Difference (B) – (A)	557	280	280	280	300	267	33
Percentage change	1.7%	1.7%	1.9%	1.9%	4.8%	4.3%	-%

* Anticipated number of investment units as of the end of the period and anticipated net income per unit in the previous forecast: 2,295,239 units and 6,344 yen
* Anticipated number of investment units as of the end of the period and anticipated net income per unit in the revised forecast: 2,295,239 units and 6,466 yen

(2) Revision of the forecast of results and distributions for the fiscal period ending February 28, 2026 (from September 1, 2025 to February 28, 2026)

	Operating revenues (million yen)	Operating income (million yen)	Ordinary income (million yen)	Net income (million yen)
Previous forecast (A)	29,700	13,254	11,217	11,216
Revised forecast (B)	31,670	13,617	11,580	11,580
Difference (B) – (A)	1,970	363	363	363
Percentage change	6.6%	2.7%	3.2%	3.2%

	Distributions per unit (including distributions in excess of earnings) (yen)	Distributions per unit (excluding distributions in excess of earnings) (yen)	Distributions in excess of earnings per unit (yen)	Number of investment units as of the end of the period
Previous forecast (A) [corresponding amount after split]	5,750 [2,875]	4,887 [2,443.5]	863 [431.5]	2,295,239 units
Revised forecast (B)	3,275	2,522	753	4,590,478 units
Difference (B) – (A) [corresponding amount after split]	400	78.5	321.5	2,295,239 units
Percentage change	13.9%	3.2%	74.5%	100.0%

* Anticipated number of investment units as of the end of the period and anticipated net income per unit in the previous forecast: 2,295,239 units and 4,887 yen
* Anticipated number of investment units as of the end of the period and anticipated net income per unit in the revised forecast: 4,590,478 units and 2,522 yen

(Note 1) The above forecasts are based on current assumptions shown in the attachment, "Assumptions for Forecasts of Results for the Fiscal Periods Ending August 31, 2025 and February 28, 2026". Actual figures may fluctuate due to factors such as the acquisition and disposition of real estate and other transactions in the future, developments in the real estate market and other factors, 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 vary from the forecasts over a certain level.
(Note 3) The anticipated net income per unit as above is calculated by dividing net income by the anticipated number of investment units as of the end of the period.
(Note 4) DHR will implement a 2-for-1 split of its investment units with August 31, 2025 (August 29, 2025 in practice) as the record date and September 1, 2025 as the effective date.

* DHR's website: https://www.daiwahouse-reit.co.jp/en/

<Attachment>

Assumptions for Forecasts of Results for the Fiscal Periods Ending August 31, 2025 and February 28, 2026

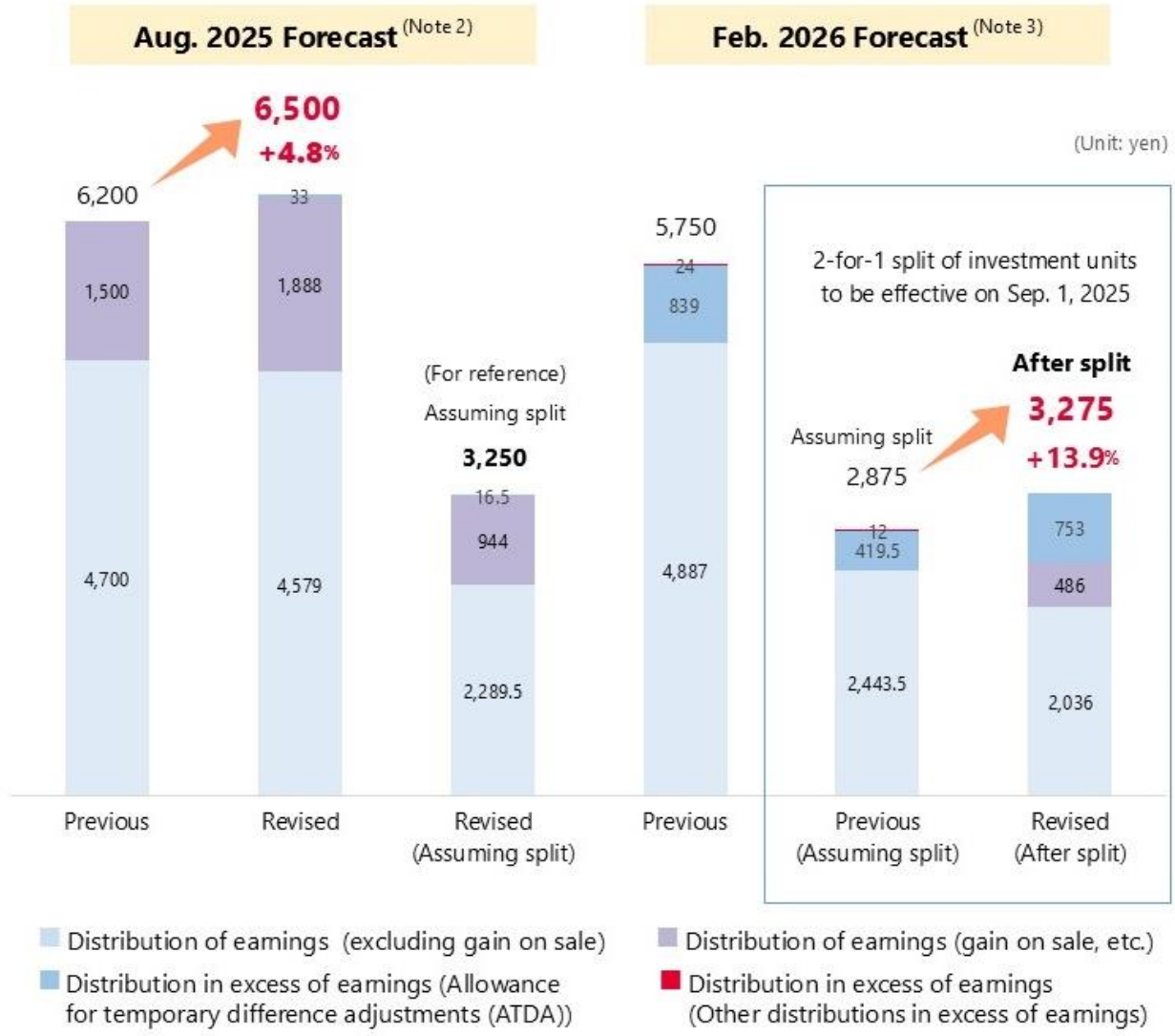
Item	Assumptions
Operating period	・ Fiscal period ending August 31, 2025: (184 days from March 1, 2025 to August 31, 2025) ・ Fiscal period ending February 28, 2026: (181 days from September 1, 2025 to February 28, 2026)
Portfolio	・ DHR has assumed that DHR will dispose of 20% quasi co-ownership interest in D Project Machida on August 29, 2025 and the rest of 80% quasi co-ownership interest on September 1, 2025, as described in the press release "Notice Concerning Acquisition and Disposition of Trust Beneficiary Interests in Domestic Real Estate" announced today. Regarding Castalia Hatanodai, which is a DHR property currently undergoing reconstruction, DHR plans to acquire the building after the reconstruction by the end of July 2025. DHR has also assumed that DHR will acquire Castalia Nishifunabashi II (tentative name) on February 27, 2026, as described in the press release "Notice Concerning Acquisition of Trust Beneficiary Interest in Domestic Real Estate" on November 25, 2024. ・ DHR has assumed that there will be no changes (acquisition of new properties or disposition of the acquired assets) other than the above in the composition of DHR's portfolio of 229 properties of real estate and real estate trust beneficiary interests that DHR currently owns as of today until the end of the fiscal period ending February 28, 2026. ・ However, the composition of the portfolio may change.
Operating revenues	・ DHR has assumed gain on sale of real estate properties of ¥3,774 million for the fiscal period ending August 31, 2025 associated with the disposition of FOLEO Hirakata, and gain on sale of real estate properties of ¥557 million for the fiscal period ending August 31, 2025 and ¥2,233 million for the fiscal period ending February 28, 2026 associated with the disposition of D Project Mahida. ・ 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 no delinquencies or non-payment of rent by tenants.
Operating expenses (excluding amortization of goodwill)	・ 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 will incur depreciation expenses of ¥5,484 million for the fiscal period ending August 31, 2025 and ¥5,403 million for the fiscal period ending February 28, 2026. 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 ¥2,488 million for the fiscal period ending August 31, 2025 and ¥2,458 million for the fiscal period ending February 28, 2026. In connection with new acquisition of real estate, etc., property tax and city planning tax that will be paid by DHR and the seller (the former beneficiary) on a pro rata basis in accordance with the holding period and settled at the time of acquisition, and such taxes are deemed as acquisition costs of the property and not included in expenses. ・ Based on the medium- to long-term repair and maintenance plan prepared by Daiwa House Asset Management Co., Ltd., the Asset Manager to which DHR entrusts the management of its assets, DHR expects to incur repairs and maintenance expenses of ¥1,325 million for the fiscal period ending August 31, 2025 and ¥2,138 million for the fiscal period ending February 28, 2026. 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.
Amortization of goodwill	・ Amortization of goodwill is estimated at ¥1,982 million for the fiscal period ending August 31, 2025 and ¥1,982 million for the fiscal period ending February 28, 2026.

Item	Assumptions
Non-operating expenses	・ DHR has assumed interest expenses and other borrowing-related expenses, etc. of ¥2,003 million for the fiscal period ending August 31, 2025 and ¥2,067 million for the fiscal period ending February 28, 2026.
Interest-bearing debt	・ As of the date of this document, the balance of interest-bearing debt is ¥410,950 million. ・ DHR has assumed that interest-bearing debt of ¥31,600 million for which repayment or maturity becomes due by the end of the fiscal period ending February 28, 2026 will be fully refinanced. ・ Other than the above, DHR has assumed the balance of interest-bearing debt will be unchanged until the end of the fiscal period ending February 28, 2026.
Investment units	・ The total number of investment units for the fiscal period ending August 31, 2025 is assumed to be 2,295,239 units, which is the number of investment units issued as of today. ・ The total number of investment units for the fiscal period ending February 28, 2026 is assumed to be 4,590,478 units, which is the sum of 2,295,239 units and the number of investment units to be increased by the 2-for-1 investment unit split scheduled to take effect on September 1, 2025. DHR has assumed there will be no change in the number of units outstanding resulting from the issuance of additional investment units, etc. until the end of the fiscal period ending February 28, 2026.
Distributions per unit	・ 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.
Distributions in excess of earnings per unit	・ DHR has assumed that distributions in excess of earnings in the amount equivalent to amortization of goodwill are paid (distributions accounted as an allowance for temporary difference adjustments and other distributions in excess of earning (return of capital)). However, DHR has assumed that in the case of an occurrence of special gains such as gain on sale of real estate properties, other distributions in excess of earnings, which is a part of the abovementioned distributions in excess of earnings in the amount equivalent to amortization of goodwill, can be reduced by an amount equivalent to part of the gain on sale of real estate properties. In addition, DHR has assumed that DHR may reverse the allowance for temporary difference adjustments in cases where the excess taxable income over accounting profit is resolved mainly through the sale of properties for which impairment losses were recorded. ・ DHR has assumed that in the case of the occurrence of excess taxable income over accounting profit associated with sale of properties that causes a need for DHR to take action to maintain its favorable tax status, DHR will conduct additional distributions in excess of earnings (distribution accounted as an allowance for temporary difference adjustments). ・ DHR has assumed that total of distributions in excess of earnings for the fiscal period ending August 31, 2025 will be ¥75 million (¥33 per unit), of which the full amount will be the allowance for temporary difference adjustments, and total of distributions in excess of earnings for the fiscal period ending February 28, 2026 will be ¥3,454 million (¥753 per unit), of which the full amount will be the allowance for temporary difference adjustments.
Others	・ 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.

<Reference>

Realizing unrealized gain by property disposition, returning gain to unitholders, and revising Forecast DPU upward

- Returning gain over the Aug. 2025 and Feb. 2026 periods to level off DPU
- Planning to use the remainder of the proceeds from sale for the improvement of portfolio quality and the initiatives attentive to capital cost in the future



(Note 1) Our policy is to distribute the amount equivalent to amortization of goodwill recorded by the merger (1,982 mil yen per period) on top of net income.

(Note 2) For the period ending Aug. 2025, DHR plans to return gain on sale of FOLEO Hirakata (deducting the difference between the amount of reversal of ATDA in the period ended Aug. 2024 and the amount equivalent to amortization of goodwill) and gain on sale of 20% quasi co-ownership interest in D Project Machida (including distribution of ATDA due to tax and accounting difference in gain on sale) as distributions.

(Note 3) For the period ending Feb. 2026, on top of the amount equivalent to amortization of goodwill, DHR plans to return gain on sale of 80% quasi co-ownership interest in D Project Machida (including distribution of ATDA due to tax and accounting difference in gain on sale) as distributions.