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To All Concerned Parties

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Notice Concerning Revision to Forecasts of Operating Results and Distribution for the Fiscal Period Ending September 2023 (35th Fiscal Period)

Daiwa Securities Living Investment Corporation (hereinafter referred to as the “Investment Corporation”) hereby announces that it has revised the forecasts of operating results and distribution for the fiscal period ending September 2023 (35th fiscal period: April 1, 2023 to September 30, 2023) announced in “34th Fiscal Period Financial Report (REIT)” dated May 23, 2023, as follows.

1. Revision to Forecasts of Operating Results and Distribution for the Fiscal Period Ending September 2023 (35th Fiscal Period)

	Operating revenue	Operating income	Ordinary income	Net income	Net income per unit	Distribution per unit (excluding distributions in excess of earnings)
Previously announced forecast (A)	JPY11,892 million	JPY5,482 million	JPY4,749 million	JPY4,748 million	JPY2,100	JPY2,200
Revised forecast (B)	JPY12,732 million	JPY6,210 million	JPY5,489 million	JPY5,488 million	JPY2,427	JPY2,230
Difference (B-A)	JPY840 million	JPY727 million	JPY740 million	JPY740 million	JPY327	JPY30
Difference	7.1%	13.3%	15.6%	15.6%	15.6%	1.4%

(Note 1) Expected number of investment units issued at the end of the period: 2,260,890 units.

(Note 2) The fiscal period of the Investment Corporation is from April 1 to September 30 every year and from October 1 to March 31 of the following year. The same will apply hereinafter.

(Note 3) The above figures are current forecasts and actual operating revenues, operating income, ordinary income, net income, net income per unit and distributions per unit may change. In addition, these forecasts do not guarantee the distribution amounts.

(Note 4) The distribution amount for the fiscal period ending September 2023 includes the expected reversal of reserve for temporary difference adjustments of JPY79 million and it is expected to record a dividend reserve of JPY526 million, so it is different from the amount of net income. There is no plan to make distribution in excess of earnings at present.

(Note 5) When a certain degree of discrepancy from the above forecasts is expected, the forecasts may be revised.

(Note 6) Amounts are rounded to the nearest unit and percentages are rounded to the first decimal place. The same applies hereinafter.

2. Reasons for Revisions and Announcement of Operating Results, Etc.

As a result of the acquisition and transfer of assets announced today, a gain on sale of JPY787 million is expected to be recorded in the fiscal period ending September 2023 (35th fiscal period). This change reflects changes in the assumptions of the previous forecast.

Regarding the management status and distribution forecast for the fiscal period ending March 2024 (36th fiscal period), we are considering to acquire properties funded by the funds obtained through the transfer and is currently being evaluated. Once the assumptions, including the above events, have been established, a new announcement will be made.

URL: <https://www.daiwa-securities-living.co.jp/en/>

[Exhibit]

<Assumptions for Forecasts of Operating Results and Distributions for the Fiscal Period Ending September 2023 (35th Fiscal Period: April 1, 2023 - September 30, 2023)>

Item	Assumptions
Accounting period	<ul style="list-style-type: none"> Fiscal period ending September 2023 (35th fiscal period) (April 1, 2023 - September 30, 2023) (183 days)
Assets under management	<ul style="list-style-type: none"> It is assumed that changes in the following assets under management will occur to the 250 real estate and real estate trust beneficiary interests owned by the Investment Corporation as of today. <p>[Assets to be acquired (Planned date of acquisition: September 29, 2023)]</p> <p>(1) Alpha Square Minami6jo</p> <p>[Assets to be disposed]</p> <p>(Planned date of disposition: September 29, 2023)</p> <p>(1) Palais d'or Maruyama</p> <p>(Planned date of disposition: September 27, 2023)</p> <p>(2) Sky Hills Sakaecho4</p> <p>(3) Dormy Chitose</p> <p>(4) Turkey's Denen-Chofu No.2</p> <p>(5) MGA Kanamachi</p> <p>(6) Gran Casa Gokiso</p> <p>(7) Verger Hirakata</p> <p>(8) Minna-no-ie Chuo-ku En'nami</p> <p>(9) Mumin Omiya-kita</p> <p>(10) Sompō no ie Toyonaka-Minamisone</p> <p>(11) Nichii Care Center Fukushima Omori</p> <p>(12) Sawayaka Obatake Sanbankan</p> <p>(13) Sawayaka Riverside Kurinoki</p> <ul style="list-style-type: none"> In light of the above assumptions, the assets under management will be 238 properties at the end of the fiscal period ending September 2023. However, assets under management could fluctuate due to the acquisition or disposition of other properties. Within the assets to be disposed that are disclosed today, Sky Hills Takadai I, Colonnade Kasuga, Alpha Living Okayama Korakuen, and Gran Casa Daikan-Cho are the assets to be disposed in the fiscal period ending March 2024 (36th fiscal period), excluding the above assets to be disposed of.
Operating revenue	<ul style="list-style-type: none"> Operating revenue is calculated on the premise of "Assets under management" above. Due to the disposition of the above properties, gain on sale of JPY787 million of real estate properties is expected to be recorded for the fiscal period ending September 2023.
Operating expenses	<ul style="list-style-type: none"> Operating expenses is calculated on the premise of the "Assets under management" above. No loss on sale of real estate property is expected to be recorded for the fiscal period ending September 2023. Of expenses related to leasing business, which is a major item of operating expenses, expenses other than depreciation are calculated by reflecting the variable factors of expenses based on the past results and information provided by the former owners of the assets to be acquired and others. Management fee is assumed to be JPY501 million. We estimate the amount required to repair the building and assume JPY559 million. However, actual expenses could differ significantly from the expected amount for reasons such as the occurrence of unpredictable repair expenses. Taxes and dues are assumed to be JPY772 million. While property taxes and city planning taxes are settled at the time of acquisition by calculating the amount by dividing proportionally according to the period with the current owners in the general sale and purchase of real estate, property taxes and city planning taxes for the acquisition year paid by the Investment Corporation are not posted in expenses since they are included in the acquisition price. Taxes and dues of the assets to be acquired described in the "Investment Assets" above are expected to begin in the fiscal period ending September 2024, and taxes and dues are expected to be JPY3 million.

	<ul style="list-style-type: none"> Depreciation is calculated using the straight-line method, including incidental expenses and additional capital expenditures in the future, and is assumed to be JPY2,602 million.
Non-operating expenses	<ul style="list-style-type: none"> Non-operating expenses are assumed to be JPY739 million. The breakdown is as follows. <ol style="list-style-type: none"> (1) Interest expense and interest on investment corporation bonds JPY567 million (2) Loan-related expenses JPY156 million (3) No investment unit issuance cost is expected to be recorded. (4) Amortization of issuance costs of investment corporation bonds JPY12 million (5) Other expenses JPY3 million
Interest-bearing debt	<ul style="list-style-type: none"> As of today, there are outstanding borrowings of JPY166,037 million and investment corporation bonds of JPY22,100 million, which are assumed to remain unchanged until the end of the fiscal period ending September 2023. The interest-bearing debt ratio is expected to be 51.3% as of the fiscal period ending September 2023. For the calculation of the ratio of interest-bearing debt in this forecast, the following calculation formula is used. $\text{Ratio of interest-bearing debt} = (\text{Total amount of interest-bearing debt} / \text{Total assets}) \times 100$
Total number of investment units issued	<ul style="list-style-type: none"> The number of units issued and outstanding is assumed to be 2,260,890 units as of today. Thereafter, it is assumed that there will be no change in the total number of investment units issued and outstanding until the end of the fiscal period ending September 2023.
Distribution per unit	<ul style="list-style-type: none"> Distribution per unit is calculated on the premise of the cash distribution policy set out in the Articles of Incorporation. It is assumed that a total of JPY5,041 million will be distributed (distribution of JPY2,230 per unit) by adding JPY79 million (JPY35 per unit) of planned reversal of reserve for temporary difference adjustment to the amount obtained by deducting JPY526 million (JPY232 per unit) from net income of JPY5,488 million (JPY2,427 per unit) as a planned reserve for dividends with respect to a portion of gain on sale of real estate, etc. Distribution per unit could fluctuate due to various factors including fluctuations in rent income associated with changes in assets under management and changes in tenants and the occurrence of unpredictable repairs. Net income per unit and distribution per unit for each fiscal period are calculated using the expected total number of investment units issued at the end of each period based on the total number of investment units issued above.
Distribution in excess of earnings per unit	<ul style="list-style-type: none"> There is no plan to make distributions in excess of earnings at present.
Other	<ul style="list-style-type: none"> It is assumed that no revisions impacting the forecast figures above will be made to laws, regulations, tax systems, accounting standards, listing regulations, or rules of the Investment Trusts Association, Japan, etc. It is assumed that no unforeseen significant change will take place in general economic trends or the real estate market conditions, etc.

(Note) For details of the acquisition and disposition assets, please refer to the "Notice Concerning the Acquisition of Domestic Real Estate (Alpha Square Minami6jo) and Disposition of Domestic Real Estate Trust Beneficiary Interests and Domestic Real Estate (9 rental housing properties and 8 healthcare facilities)" announced today by the Investment Corporation.