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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 March 2023 (34th Fiscal Period) and

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 March 2023 (34th fiscal period: October 1, 2022, to March 31, 2023) announced in “32nd Fiscal Period Financial Report (REIT)” dated May 18, 2022, as follows. It also announces the forecasts of operating results and distribution for the fiscal period ending September 2023 (35th fiscal period: April 1, 2023, to September 30, 2023). Details are as follows.

1. Revision to Forecasts of Operating Results and Distribution for the Fiscal Period Ending March 2023 (34th Fiscal Period)

	Operating revenue	Operating income	Ordinary income	Net income	Net income per unit	Distribution per unit (excluding distributions in excess of earnings)	Distribution in excess of earnings per unit
Previously announced forecast (A)	JPY11,327 million	JPY5,363 million	JPY4,653 million	JPY4,653 million	JPY2,110	JPY2,180	JPY -
Revised forecast (B)	JPY11,723 million	JPY5,573 million	JPY4,817 million	JPY4,816 million	JPY2,130	JPY2,200	JPY -
Difference (B-A)	JPY396 million	JPY210 million	JPY163 million	JPY163 million	JPY20	JPY20	JPY -
Difference (%)	3.5%	3.9%	3.5%	3.5%	0.9%	0.9%	—

(Note 1) Expected number of investment units issued at the end of the period: 2,260,890 units. For details, please refer to “Total number of investment units issued” in the assumptions described in the Exhibit “Assumptions for Forecasts of Operating Results and Distributions for the Fiscal Period Ending March 2023 (34th Fiscal Period: October 1, 2022 - March 31, 2023) and the Fiscal Period Ending September 2023 (35th Fiscal Period: April 1, 2023 - September 30, 2023)” (hereinafter referred to as the “Exhibit”).

(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 figures above are forecasts as of this moment calculated based on the conditions stated in the “Assumptions in Exhibit” and actual operating revenue, operating income, ordinary income, net income, net income per unit, and distribution per unit could fluctuate. In addition, these forecasts do not guarantee the distribution amounts.

(Note 4) The distribution amount for the fiscal period ending March 2023 includes the expected reversal of reserve for temporary difference adjustments of JPY156 million, and the distribution amount is different from the amount of net income.

(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.

Note: This press release is a document for making a public announcement concerning revisions to the forecasts of operating results and distribution for the fiscal period ending March 2023 (34th Fiscal Period) and the forecasts of operating results and distribution for the fiscal period ending September 2023 (35th Fiscal Period), and it has not been prepared for the purpose of soliciting investments. Investors are asked to ensure that they read the prospectus for the issuance of new investment units, as well as the amendments thereto, prepared by the Investment Corporation before they invest and that they make decisions on investment at their own discretion.

## 2. 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)	Distribution in excess of earnings per unit
Fiscal period ending September 2023 (35th fiscal period)	JPY11,706 million	JPY5,445 million	JPY4,696 million	JPY4,696 million	JPY2,077	JPY2,200	JPY -

(Note 1) Expected number of investment units issued at the end of the period: 2,260,890 units. For details, please refer to “Total number of investment units issued” in the “Exhibit”.

(Note 2) The figures above are forecasts as of this moment calculated based on the conditions stated in the “Exhibit” and actual operating revenue, operating income, ordinary income, net income, net income per unit, and distribution per unit could fluctuate. In addition, these forecasts do not guarantee the distribution amounts.

(Note 3) The distribution amount for the fiscal period ending September 2023 includes the expected reversal of reserve for temporary difference adjustments of JPY277 million, and the distribution amount is different from the amount of net income.

(Note 4) When a certain degree of discrepancy from the above forecasts is expected, the forecasts may be revised.

## 3. Reasons for Revisions to and Announcement of Operating Results, Etc.

The Investment Corporation decided at a meeting of its board of directors held today on the asset acquisition announced in “Notice Concerning Acquisition and Leasing of Assets (6 Rental Apartments and 1 Healthcare Facility)” dated today and the issuance of new investment units announced in “Notice Concerning Issuance of New Investment Units and Secondary Offering” dated today. In line with such, forecasts of operating results and distribution for the fiscal period ending March 2024 (34th fiscal period) announced in “32nd Fiscal Period Financial Report (REIT)” dated May 18, 2022, have been revised to reflect the changes in the assumptions for forecasts, although no major discrepancy is expected. In addition, the Investment Corporation newly announces forecasts of operating results and distribution for the fiscal period ending September 2023 (35th fiscal period).

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

Note: This press release is a document for making a public announcement concerning revisions to the forecasts of operating results and distribution for the fiscal period ending March 2023 (34th Fiscal Period) and the forecasts of operating results and distribution for the fiscal period ending September 2023 (35th Fiscal Period), and it has not been prepared for the purpose of soliciting investments. Investors are asked to ensure that they read the prospectus for the issuance of new investment units, as well as the amendments thereto, prepared by the Investment Corporation before they invest and that they make decisions on investment at their own discretion.

[Exhibit]

<Assumptions for Forecasts of Operating Results and Distributions for the Fiscal Period Ending March 2023 (34th Fiscal Period: October 1, 2022 - March 31, 2023) and 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"> <li>Fiscal period ending March 2023 (34th fiscal period) (October 1, 2022 - March 31, 2023) (182 days)</li> <li>Fiscal period ending September 2023 (35th fiscal period) (April 1, 2023 - September 30, 2023) (183 days)</li> </ul>
Assets under management	<ul style="list-style-type: none"> <li>It is assumed that changes in the following assets under management will occur to the 240 real estate and real estate trust beneficiary interests owned by the Investment Corporation as of today.</li> </ul> <p>[Assets to be acquired (Planned date of acquisition: October 4, 2022)]</p> <ol style="list-style-type: none"> <li>Gran Casa Minami-Senju</li> <li>Gran Casa Hikifune</li> <li>Serenite Namba Plie</li> <li>Gran Casa Oji</li> <li>Gran Casa Ryogoku East</li> <li>Gran Casa Tabata</li> <li>Sunny Life Shibaura</li> </ol> <p>[Asset decided to be acquired (Planned date of acquisition: March 31, 2023)]</p> <ol style="list-style-type: none"> <li>(temporary name) Kuramae Project</li> </ol> <ul style="list-style-type: none"> <li>In light of the above assumptions, the assets under management will be 248 properties as of the end of the fiscal period ending March 2023 and as of the end of the fiscal period ending September 2023. However, assets under management could fluctuate due to the acquisition or disposition of other properties.</li> </ul>
Operating revenue	<ul style="list-style-type: none"> <li>Operating revenue is calculated on the premise of “Assets under management” above.</li> <li>As of today, the lease agreement for Gran Casa Ryokuchi-koen, which is wholesale rented, is scheduled to expire at the end of March 2023, and we expect a temporary decrease in operating revenue from the fiscal period ending September 2023.</li> <li>For the fiscal period ending March 2023 and the fiscal period ending September 2023, no posting of gain on sale of real estate properties is expected.</li> </ul>
Operating expenses	<ul style="list-style-type: none"> <li>Operating expenses are calculated on the premise of “Assets under management” above.</li> <li>For the fiscal period ending March 2023 and the fiscal period ending September 2023, no posting of loss on sale of real estate properties is expected.</li> <li>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.</li> <li>For property management fees, JPY482 million is assumed for the fiscal period ending March 2023 and JPY482 million is assumed for the fiscal period ending September 2023.</li> <li>For repair expenses of buildings, the amount deemed necessary in each fiscal period is estimated, and JPY378 million is assumed for the fiscal period ending March 2023 and JPY427 million is assumed for the fiscal period ending September 2023. However, actual expenses could differ significantly from the expected amount for reasons such as the occurrence of unpredictable repair expenses.</li> <li>For taxes, JPY738 million is assumed for the fiscal period ending March 2023 and JPY768 million is assumed for the fiscal period ending September 2023. 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 because they are included in the acquisition price. Taxes for the assets to be acquired stated in “Assets under management” above will arise in the fiscal period ending September 2023. The</li> </ul>

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	<p>amount of taxes will be JPY21 million. In addition, taxes for the asset decided to acquire will arise in the fiscal period ending September 2024. The amount of taxes will be JPY1 million.</p> <ul style="list-style-type: none"> <li>• Depreciation is calculated using the straight-line method, including ancillary expenses and additional capital expenditure in the future and JPY2,589 million is assumed for the fiscal period ending March 2023 and JPY2,590 million is assumed for the fiscal period ending September 2023.</li> </ul>
Non-operating expenses	<ul style="list-style-type: none"> <li>• As non-operating expenses, JPY768 million is assumed for the fiscal period ending March 2023 and JPY752 million is assumed for the fiscal period ending September 2023. The details are as follows. <ol style="list-style-type: none"> <li>(1) Interest expenses and interest on investment corporation bonds are JPY564 million for the fiscal period ending March 2023 and JPY579 million for the fiscal period ending September 2023.</li> <li>(2) Finance-related expenses are JPY151 million for the fiscal period ending March 2023 and JPY153 million for the fiscal period ending September 2023.</li> <li>(3) Issuance costs of new investment units is JPY31 million for the fiscal period ending March 2023. No posting of issuance costs of new investment units is expected for the fiscal period ending September 2023.</li> <li>(4) Amortization of investment corporation bond issuance costs is JPY12 million for the fiscal period ending March 2023 and JPY12 million for the fiscal period ending September 2023.</li> <li>(5) Other expenses are JPY8 million for the fiscal period ending March 2023 and JPY6 million the fiscal period ending September 2023.</li> </ol> </li> </ul>
Interest-bearing debt	<ul style="list-style-type: none"> <li>• As of today, the Investment Corporation has an outstanding balance of loans payable of JPY159,587 million and an outstanding balance of investment corporation bonds of JPY22,100 million. It is assumed that existing borrowings of JPY8,000 million, which are due for repayment on September 22, 2022, will be refinanced by the same amount on the same date.</li> <li>• For the fiscal period ending March 2023, it is assumed that bank loans of JPY6,750 million be taken out to fund the acquisition of the assets to be acquired. Of the bank loans of JPY6,750 million to be taken out in the fiscal period ending March 2023, JPY300 million is scheduled to be repaid using the proceeds from the issuance of new investment units through third-party allotment.</li> <li>• It is assumed that as a result of the above, the outstanding balance of loans payable and the outstanding balance of investment corporation bonds will be JPY166,037 million and JPY22,100 million, respectively, both as of the end of March 2023 and as of the end of September 2023.</li> <li>• The ratio of interest-bearing debt is expected to be 51.4% both at the end of the fiscal period ending March 2023 and at the end of the fiscal period ending September 2023.</li> <li>• For the calculation of the ratio of interest-bearing debt in this forecast, the following calculation formula is used.  <math display="block">\text{Ratio of interest-bearing debt} = (\text{Total amount of interest-bearing debt} / \text{Total assets}) \times 100</math> </li> </ul>
Total number of investment units issued	<ul style="list-style-type: none"> <li>• The total number of investment units issued is assumed to be 2,260,890 units, which is the sum of the total number of investment units issued as of today (2,204,890 units) and the number of investment units to be offered (56,000 units) through the issuance of new investment units resolved at the Board of Directors meeting of the Investment Corporation held on September 9, 2022.</li> <li>• The number of new investment units to be issued through the issuance of new investment units above is based on the premise that all of the new investment units to be issued through public offering (53,333 units) and through third-party allotment in line with over-allotment (2,667 units) will be issued.</li> <li>• It is assumed that there will be no change to the total number of investment units issued through to the end of the fiscal period ending September 2023.</li> </ul>
Distribution per unit	<ul style="list-style-type: none"> <li>• Distribution per unit is calculated on the premise of the cash distribution policy set out in the Articles of Incorporation. In addition, distribution per unit is calculated on the assumption that the entire amount of net income for each fiscal period will be distributed, in principle.</li> <li>• For distributions in the fiscal period ending March 2023, it is assumed that the total amount of JPY4,816 million (distribution per unit of JPY2,130) that is obtained by adding the scheduled amount of reversal of reserve for temporary difference adjustments of JPY156 million (JPY69 per unit) to net income of JPY4,973 million (JPY2,200 per unit) will be distributed.</li> <li>• For distributions in the fiscal period ending September 2023, it is assumed that the total amount of JPY4,696 million (distribution per unit of JPY2,077) that is obtained by adding the scheduled amount of reversal of reserve for temporary difference adjustments of JPY277 million (JPY122 per unit) to net income of JPY4,973 million (JPY2,200 per unit) will be distributed.</li> </ul>

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	<ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> </ul>
Distribution in excess of earnings per unit	<ul style="list-style-type: none"> <li>• There is no plan to make distributions in excess of earnings at present.</li> </ul>
Other	<ul style="list-style-type: none"> <li>• 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.</li> <li>• It is assumed that no unforeseen significant change will take place in general economic trends or the real estate market conditions, etc.</li> </ul>

(Note 1) For details of the asset to be acquired, please refer to “Notice Concerning Acquisition and Leasing of Assets (6 Rental Apartments and 1 Healthcare Facility)” announced today by the Investment Corporation, and for details of the asset decided to be acquired, please refer to “Notice Concerning Acquisition of Asset ((Temporary Name) Kuramae Project)” announced dated August 23, 2021 by the Investment Corporation.

(Note 2) For details of the issuance of new investment units, please refer to “Notice Concerning Issuance of New Investment Units and Secondary Offering” announced today by the Investment Corporation.

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