

大和証券リビング投資法人

Daiwa Securities Living Investment Corporation

Supplementary Materials

“Notice Concerning Revision to Forecasts of Operating Results and Distribution for the Fiscal Period Ending March 2022 (32nd Fiscal Period) and Forecasts of Operating Results and Distribution for the Fiscal Period Ending September 2022 (33rd Fiscal Period)”

Securities Code: 8986 | <https://www.daiwa-securities-living.co.jp/en/>





Disclaimer

This document is a summary of the information contained in the “Notice Concerning Revision to Forecasts of Operating Results and Distribution for the Fiscal Period Ending March 2022 (32nd Fiscal Period) and Forecasts of Operating Results and Distribution for the Fiscal Period Ending September 2022 (33rd Fiscal Period)” announced on September 10, 2021, as well as additional information in accordance with the listing rules of the Tokyo Stock Exchange.

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There is a possibility that losses may be incurred due to fluctuations in the price of the investment units when trading, etc. the investment units of the Investment Corporation.

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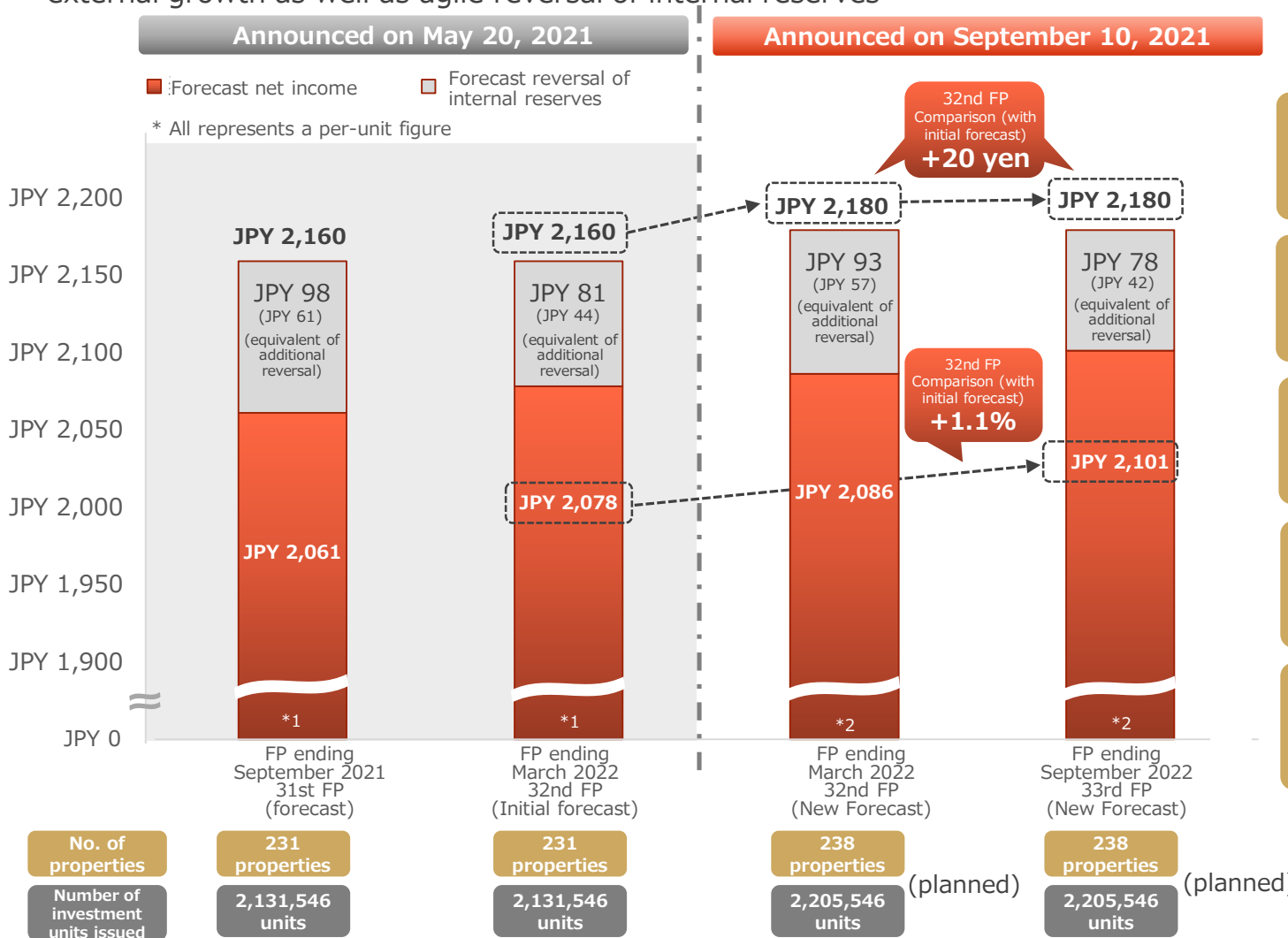
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REIT Issuer: Daiwa Securities Living Investment Corporation (securities code: 8986)

Asset Manager: Daiwa Real Estate Asset Management Co. Ltd. (Financial Instruments Firm: Director-General of the Kanto Local Finance Bureau (Kinsho) No. 355; member association: The Investment Trusts Association, Japan)

Distributions (Impact on Distribution Per Unit)

Since its merger with Nippon Healthcare Investment Corporation, Daiwa Securities Living Investment Corporation (the "Investment Corporation") has aimed to maintain distributions while pursuing growth through continuous external growth as well as agile reversal of internal reserves



LTV^{*3}

50.9% (down 0.4% from end of Aug. 2021)

Acquisition capacity to LTV after the Public Offering, etc. (assuming maximum LTV of 52%)^{*4}

Approx. 7.8 billion yen

Free Cash Flow^{*5}

3 billion yen / year

Pipeline^{*6}

Total of more than 10 billion yen

Balance of internal reserves at period end^{*7}

As of the end of 30th FP (end of Mar. 2021)

Approx. 8.1 billion yen

We will continue pursuing increase of unitholder value

Explanatory Notes

- *1:** Graphs and figures are prepared/calculated based on the assumptions of the forecast figures announced in the 30th Fiscal Period Financial Report (REIT) dated May 20, 2021. The forecast figures, etc. are based on certain assumptions at present, and the actual figures could fluctuate due to the future acquisition and disposition of properties as well as changes in the real estate market and other conditions surrounding the Investment Corporation. In addition, these forecasts do not guarantee the distribution amounts.
- *2:** Graphs and figures are prepared/calculated based on the preconditions for the forecast figures stated in “Notice Concerning Revision to Forecasts of Operating Results and Distribution for the Fiscal Period Ending March 2022 (32nd Fiscal Period) and Forecasts of Operating Results and Distribution for the Fiscal Period Ending September 2022 (33rd Fiscal Period)” separately announced on September 10, 2021. The forecast figures, etc. are based on certain assumptions at present, and the actual figures could fluctuate due to the future acquisition and disposition of properties as well as changes in the real estate market and other conditions surrounding the Investment Corporation. In addition, these forecasts do not guarantee the distribution amounts.
- *3:** This indicates the total assets LTV after the Public Offering, etc. and is calculated by rounding the figure obtained in the following formula to the nearest first decimal place. In the following formula, “Public Offering” refers to the primary offering indicated in the press release “Notice Concerning the Issuance of New Investment Units and Secondary Offering” dated September 10, 2021, while “Third-Party Allotment” refers to the third-party allotment as defined in the same press release. LTV after the Public Offering, etc. = $[\text{Total interest-bearing debt after the Public Offering, etc. (*)} / (\text{Total assets in the balance sheet as of the end of the 30th FP ended Mar. 2021} + \text{Interest-bearing debt net change total assets amount from April 1, 2021, to the end of August 2021} + \text{Net change in interest-bearing debt from the Public Offering, etc.} + \text{Total issue price of the Public Offering (**)})] \times 100$
- * “Total interest-bearing debt after the Public offering, etc.” is sought by applying the net change in interest-bearing debt from April 1, 2021, to the end of August 2021 as well as the net change in interest-bearing debt from April 1, 2021, to November 30, 2021, assuming that the Borrowing (for details of the Borrowing, see the press release “Notice Concerning Borrowing of Funds and Early Repayment of Loans” dated September 10, 2021) is implemented, that 950 million yen of the Borrowing which comprise long-term loans will be allotted to the early repayment of existing short-term loans which is scheduled for September 30, 2021, and that 370 million yen of the Borrowing which comprise short-term loans will be repaid before maturity as of November 30, 2021, using the proceeds from the Public Offering and Third-Party Allotment (these will collectively be referred to as the “Public Offering, etc.”), to the amount of interest-bearing debt as of the end of the 30th Fiscal Period ended March 2021. The final loan amount of the Borrowing may change before the execution of borrowing.
- ** “Total issue price of the Public Offering” is sought by adding up the total issue price of 8,090 million yen of the Primary Offering (***) and the total issue price of 404 million yen of the Third-Party Allotment.
- *** The total issue price (maximum) of the primary offering and the Third-Party Allotment are estimates calculated based on the closing price for regular trading of investment units on the Tokyo Stock Exchange as of August 27, 2021 (Friday). Moreover, for the Third-Party Allotment, it is assumed that all the investment units to be offered will be subscribed and paid by Daiwa Securities Co., Ltd. If the actual issue price of the Public Offering is lower than the expected amount stated above, the actual LTV may be higher than the figure above to a corresponding degree. Furthermore, if the actual issue price of the Public Offering is higher than the expected amount stated above, the actual LTV may be lower than the figure above to a corresponding degree.
- *4:** This is the estimated amount of debt that can be additionally procured through borrowings from financial institutions and issuance of investment corporation bonds, etc. assuming that the LTV after the Public Offering, etc. can be raised to 52%. The actual figure may differ from the indicated amount. Furthermore, with regard to the indicated amount, there is no guarantee that such an amount of debt can be procured or that properties can be acquired with the debt. As of the date of this document, there are no properties other than assets to be acquired released in “Notice Concerning Acquisition and Leasing of Assets (2 Rental Apartments and 4 Healthcare Facilities)” and “Notice Concerning Acquisition of Asset ((Temporary Name) Kuramae Project)” that the Investment Corporation has decided to acquire.
- *5:** “Free cash flow” refers to the amount of depreciation for each fiscal period, excluding the amount of capital expenditures and the amount allocated to distributions by reversing retained earnings. The total actual amount for the 29th and 30th fiscal periods (April 1, 2020 to March 31, 2021) is 3 billion yen.
- *6:** “Pipeline” is part of the sponsor support and refers to the portfolio comprising of properties owned by bridge funds wholly owned by Daiwa Securities Group or in which Daiwa Securities Group plans to invest as well as bridge funds wholly owned by wholly owned subsidiaries of Daiwa Securities Group or in which wholly owned subsidiaries of Daiwa Securities plan to invest, or of which agreements for acquisition have been concluded by the above bridge funds (in cases of development projects in which the bridge fund or wholly owned subsidiary of Daiwa Securities Group is the party ordering the construction of building, then rights for the lot to be developed are to be owned or an agreement for acquisition to have been concluded) and for which the Investment Corporation has preferential negotiation rights, and the total amount is based on the amounts indicated in documents that the Investment Corporation has submitted to indicate its intentions for purchase. As of the date of this document, the acquisition of these properties by the Investment Corporation has not been determined, nor is there any guarantee that the Investment Corporation will be able to acquire the pipeline properties. Furthermore, if the acquisitions are made by the Investment Corporation there is no guarantee that the acquisitions can be made with the indicated amount.
- *7:** This is the amount sought by applying “reversal of voluntary reserves” and “voluntary reserves” in the account concerning cash distributions for the 30th Fiscal Period ended March 2021 to “voluntary reserves” in the balance sheet for the same period. Furthermore, “(equivalent of additional reversal)” indicated in “forecast reversal of internal reserves” within the graph refers to the portion of forecast reversal of internal reserves that is the equivalent of the reversal of the amount above the minimum reversal required by laws and regulations.