Disclaimers

This document has been prepared solely for the purpose of providing U.K. and Dutch investors with certain information under Article 23 of the European Alternative Investment Fund Managers Directive (European Directive 2011/61/EU) (the “AIFMD”) as implemented in their respective jurisdictions. Accordingly, you should not use this document for any other purpose.

European Economic Area and United Kingdom Investors

The AIFMD was adopted on June 8, 2011, and was required to be implemented by each Member State of the European Economic Area (the “EEA”) into its national legislation by July 22, 2013. The units of Daiwa Securities Living Investment Corporation (“DLI” or the “AIF”) may not be marketed (within the meaning given to the term “marketing” under the AIFMD), and the Communication may not be conducted, to prospective investors domiciled or with a registered office in any Member State of the EEA or the United Kingdom unless: (i) the units of DLI may be marketed under any national private placement regime (including under the AIFMD) or other exemption in that Member State or the United Kingdom (as applicable); or (ii) the units of DLI can otherwise be lawfully marketed or sold in that Member State or the United Kingdom (as applicable) in circumstances in which the AIFMD does not apply, provided that any such offer or sale is not made to a retail investor as described above. We have made a notification to each of the Dutch Authority for the Financial Markets (Autoriteit Financiële Markten, the “AFM”) and the United Kingdom Financial Conduct Authority pursuant to Article 42 of the AIFMD in order to market the units of DLI in the Netherlands and the United Kingdom, respectively.

Netherlands

The units of DLI are being marketed in the Netherlands under Section 1:13b of the Netherlands Financial Supervision Act (*Wet op het financieel toezicht*, or the “Wft”). In accordance with this provision, Daiwa Real Estate Asset Management Co., Ltd. (the “AIFM”) has notified with the AFM of its intention to offer these units in the Netherlands. The units of DLI will not, directly or indirectly, be offered, sold, transferred or delivered in the Netherlands, except to or by individuals or entities that are qualified investors (*gekwalificeerde beleggers*) within the meaning of Article 1:1 of the Wft. As a consequence, neither the AIFM nor DLI is subject to the license requirement for investment institutions (beleggingsinstellingen) or their managers pursuant to the Wft. Consequently, the AIFM and DLI are only subject to the supervision of the AFM and the Netherlands Central Bank (*De Nederlandsche Bank*) or the AFM for the compliance with the ongoing regulatory requirements as referred to in the Dutch law implementation of Article 42 of the AIFMD. According to Article 23 of the AIFMD, the prospectus is not subject to approval by the AFM. No approved prospectus is required to be published in the Netherlands pursuant to Article 3 of the Regulation (EU) 2017/1129 (the “Prospectus Regulation”) as amended and applicable in the Netherlands.

Prohibition of Sales to EEA Retail Investors

In addition to the restrictions under the AIFMD, the units of DLI are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a “retail investor” means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article

4(1) of Directive 2014/65/EU, as amended (the "MiFID II") including any client, beneficiary, principal, or similar of any person acting as a trustee, agent, nominee, or similar; or (ii) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation, as amended. Consequently, no key information document has been prepared required by Regulation (EU) No 1286/2014 (the "PRIIPs Regulation") for offering or selling the units of DLI or otherwise making them available to retail investors in the EEA. Therefore, offering or selling the units of DLI, or otherwise making them available, to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

United Kingdom

Units of DLI are being marketed in the United Kingdom pursuant to Article 59 of the United Kingdom Alternative Investment Fund Managers Regulations 2013. In accordance with this provision, the AIFM has notified the Financial Conduct Authority (the "FCA") of its intention to offer these units in the United Kingdom.

For the purposes of the United Kingdom Financial Services and Markets Act 2000 ("FSMA"), DLI is an unregulated collective investment scheme which has not been authorized by the FCA. Accordingly, any communication of an invitation or inducement to invest in DLI may only be made to (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, (the "Order") as amended; or (ii) high net worth companies, unincorporated associations or other entities falling within Articles 49(2)(a) to (d) of the Order or (iii) other persons to whom it may lawfully be communicated (all such persons referred to under (i), (ii), and (iii) of this paragraph, together being referred to as "Relevant Persons"). In the United Kingdom, this document and its contents are directed only at Relevant Persons and must not be acted on or relied on by persons who are not Relevant Persons. The transmission of this document and its contents in the United Kingdom to any person other than a Relevant Person is unauthorized and may contravene the FSMA and other United Kingdom securities laws and regulations.

Prohibition of Sales to UK Retail Investors

In addition to the restrictions under the AIFMD, as retained by the United Kingdom in its domestic laws, the units of DLI are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom. For these purposes of this provision, a "retail investor" means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "EUWA"); or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129, as it forms part of domestic law by virtue of the EUWA; and the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the international units to be offered so as to enable an investor to decide to purchase or subscribe the international units. Consequently no key information document required by Regulation (EU) No 1286/2014, as it forms part of domestic law by virtue of the EUWA (the "UK PRIIPs Regulation"), for offering or selling the units of DLI or otherwise making them available to retail investors in the United Kingdom has been prepared, and therefore offering or selling the units of DLI or otherwise making them available to any retail investor in the United Kingdom may be unlawful under the UK PRIIPs Regulation.

Article 23 (1)(a)	
Objectives of the AIF	The objective of Daiwa Securities Living Investment Corporation ("DLI") is to make stable distributions of profits to its unitholders over the medium to long term through DLI's basic policy of achieving sustainable growth and improving the quality of its portfolio in accordance with its portfolio composition policies.
Investment strategy	DLI invests in real estate-related properties for residential use throughout Japan. In particular, DLI believes that it can generate stable earnings by investing in rental apartment properties from two categories, studio rental apartment properties and family rental apartment properties. Studio rental apartment properties are rental apartment buildings that consist primarily of studio units, which DLI believes are attractive to households consisting of one or two people with no children. Family rental apartment properties are rental apartment buildings that consist primarily of units with one or more bedrooms, which DLI believes are attractive to households consisting of families with children. In addition to real estate-related properties for residential use, DLI invests in real estate-related properties for healthcare facility use such as elder care facilities, medical care facilities and life science facilities throughout in Japan. DLI diversify investment in healthcare facilities in Japan while focusing investment on the healthcare facility category of "private nursing homes and other facilities for the elderly" such as fee-based homes for the elderly for which large demand is expected in the medium to long term. DLI has set non-binding a portfolio composition target ratio based on property type under which more than 60% of DLI's portfolio by acquisition price is to consist of rental apartment properties and less than 40% is to consist of healthcare facilities. In order to achieve geographic diversification, DLI has also set a non-binding geographic target. For rental apartment properties, DLI targets mainly the 23 wards of Tokyo and the Tokyo metropolitan area, and the Kinki metropolitan area, the Chukyo metropolitan area, and other areas where population growth is expected in the long term. For healthcare facilities, DLI targets nationwide and in particular those areas near (in general, within approximately 3 km to 5 km of the relevant healthcare facility) commercial areas where the elderly population is expected to increase, mainly in the above three major metropolitan areas. DLI has set non-binding portfolio composition target ratio based on acquisition price under which more than 70% of DLI's portfolio is to consist of properties in the three major metropolitan areas and less than 30% of DLI's portfolio is to consist of properties outside the three major metropolitan areas. In addition, under its present management strategy, DLI generally targets properties with an acquisition price of at least ¥0.1 billion.
Types of assets the AIF may invest in	Real property, real property equivalents such as leasehold rights and surface rights, trust beneficiary interests in trust real property, money mainly invested in real property and money mainly invested in equity interests in anonymous associations, and real property-backed securities, such as preferred equity certificates, beneficial certificates, investment unit certificates, where more than half of the underlying assets are invested in real property, beneficial certificates of specified purpose trusts and/or equity interest certificates of anonymous associations.
Techniques it may employ and all associated risks	DLI aims to increase unitholder value by investing in real estate-related properties for residential use and healthcare facility use throughout Japan, in particular studio rental apartment properties, family rental apartment properties and the healthcare facility category of "private nursing homes and other facilities for the elderly". The principal risks with respect to investment in DLI are as follows:

	• any adverse conditions in the Japanese economy; • DLI's potential inability to acquire properties to execute its growth and investment strategy in a manner that is accretive to earnings; • DLI's exclusive focus on rental apartments and healthcare facilities; • the geographic concentration of DLI's portfolio in the greater Tokyo area; • competition for tenants which may adversely affect DLI's ability to retain its current tenants, find new tenants and achieve favorable rents; • potential increases in prevailing market interest rates which could increase DLI's interest expense and result in a decline in the market price of its units; • large potential losses if any of DLI's properties incur damage from a natural or man-made disaster; • illiquidity in the real estate market which may limit DLI's ability to grow or adjust its portfolio; • the possibility that DLI may not close future property acquisitions; • defects relating to DLI's properties; • reliance on experts for appraisals and engineering, environmental, seismic and other reports, which are subject to significant uncertainties; • loss of rental revenues in the event of lease terminations, decreased lease renewals, default by tenants, or rent reductions or refunds; • the possibility that buildings DLI owns may violate earthquake resistance or other building codes, and that buildings may collapse in even minor earthquakes or may be required to be strengthened or demolished by DLI at significant expense; • master lease agreements which expose DLI to the risk of becoming an unsecured creditor of its master lessees in the event of their insolvency; • any inability to obtain financing for future acquisitions, or any restrictions on DLI's activities under its financing arrangements; • the possibility of a downgrading of DLI's credit ratings; • DLI's dependence on the performance of service providers to which it is required to assign various key functions; • the possibility that the level of support DLI receives from the real estate companies with whom it has concluded business collaboration agreements may fall short of expectations; • the possibility that the termination of the agreements regarding the management of healthcare facilities with AIP Healthcare Japan GK will have an adverse effect on DLI; • DLI's dependence on the efforts of key personnel of Daiwa Real Estate Asset Management Co., Ltd. (the "Asset Manager"); • the possibility of competition for the same properties among DLI, Daiwa Office Investment Corporation, Daiwa Residential Private Investment Corporation and possibly other funds; • the possibility that failure to satisfy a complex series of requirements pursuant to Japanese tax regulations may disqualify DLI from certain taxation benefits; • the possibility that DLI's ownership rights in some of its properties may be declared invalid or limited; and • the circumstances specific to healthcare facilities such as a decline in demand, increased competition for acquisition and need for maintenance and renovations of such facilities.

	In addition, DLI is subject to potential risks related to: • DLI's liability for any unforeseen loss, damage or injury suffered by a third party at its properties; • adverse consequences if DLI's rental revenues decline while most of its operating expenses are fixed; • contractual penalties and market risks to which DLI may be exposed in relation to forward commitment contracts DLI has entered into or will enter into; • DLI's reliance on industry and market data that are subject to significant uncertainties; • the possibility that the environmental assessments of DLI's properties made prior to acquisition may not have uncovered all environmental liabilities, while Japanese laws subject property owners to strict environmental liability; • the possibility that a high loan-to-value ("LTV") ratio may increase DLI's exposure to changes in interest rates; • potential impairment losses relating to DLI's properties and adverse tax effects upon recognizing impairments; • risks associated with DLI's investments in Japanese anonymous associations; • risks associated with DLI's holding interests in properties through investing in preferred securities of special purpose companies; • risks associated with DLI's investments in monetary claims secured by real property, trust beneficiary interests in trusts whose assets are monetary claims secured by trust beneficiary interests in real property, or securities secured by trust beneficiary interests in real property; • risks associated with acquiring properties under development before their completion, including the risks of delay, changes, and suspension of the construction or development of such projects; • potential conflicts of interest between DLI and the Asset Manager or Daiwa Securities Group Inc. (the "Sponsor"); • strict supervision by the regulatory authorities of J-REITs and their asset managers; • Japanese tax authorities' potential disagreement with the interpretations of the Japanese tax laws and regulations DLI used for prior periods, which may force DLI to pay additional taxes for those periods; • the possibility that DLI may not be able to benefit from reductions in certain real estate taxes enjoyed by qualified J-REITs; • the possibility that changes in Japanese tax laws may significantly increase DLI's tax burden; • DLI's expected treatment as a "passive foreign investment company" for U.S. federal income tax purposes; • the possibility that unitholders may be subject to U.S. Foreign Account Tax Compliance Act (FATCA) withholding tax after 2016; • the risk that DLI may lose its rights in a property it owns or intends to acquire if the purchase of the property is recharacterized as a secured financing; • the risk that DLI's leasehold or subleasehold rights in underlying land may be terminated or may not be asserted against a third party in some cases; • risks associated with properties for which third parties hold leasehold interests in the land and own the buildings on such land;

	- the possibility that rights relating to properties in the form of compartmentalized ownership interests may be affected by the intentions of other owners; - the possibility that rights relating to properties in the form of property co-ownership may be affected by the intentions of other owners; - DLI's properties being subject to preferential negotiation rights, rights of first refusal or other similar rights held by third parties; - the possibility that tax increases or adverse changes in applicable laws may affect DLI's potential liabilities relating to its properties and operations; - the cost of complying with regulations applicable to the properties in DLI's portfolio; - the possibility that DLI, which owns many of the properties in its portfolio through trust beneficiary interests, may suffer losses as a trust beneficiary; - the possibility that the Alternative Investment Fund Managers Directive may negatively affect DLI's ability to market its units in the EEA and increase its compliance costs associated with the marketing of its units in the EEA; - the possibility that DLI's units may be deemed to constitute "plan assets" for ERISA purposes, which may lead to the rescission of certain transactions, tax or fiduciary liability and DLI's being held in violation of ERISA requirements; - risks related to global health events, such as the COVID-19 pandemic; - risks related to global political developments and uncertainty, such as ongoing military conflicts in the Middle East and Ukraine, developments relating to Taiwan, and tension between South Korea and North Korea; - risks related to sharp rise in oil, electricity, water and other commodity prices; - risks related to instability in the global financial system; and - risks related to uncertainty in the Bank of Japan's policy including its policy on prevailing market interest rates.
Any applicable investment restrictions	DLI is subject to investment restrictions under Japanese laws and regulations, including the Act on Investment Trusts and Investment Corporations (the "ITA") and the Financial Instruments and Exchange Act (the "FIEA"). These restrictions require that DLI must invest primarily in specified assets as defined in the ITA. Specified assets include, but are not limited to, securities, real estate, leaseholds of real estate, and surface rights (*chijō-ken*) (i.e., the right to use land for the purpose of having a structure on it), as well as trust beneficiary interests in securities, real estate, leaseholds of real estate and surface rights. Furthermore, under the listing rules of the Tokyo Stock Exchange, any listed J-REIT such as DLI must invest substantially all of its assets in real estate, real estate-related assets and liquid assets as provided by the listing requirements. Real estate in this context includes, but is not limited to, real estate, leaseholds of real estate, surface rights, and trust beneficiary interests in these assets, and real estate-related assets in this context include, but are not limited to, anonymous association (*tokumei kumiai*) interests in investments in real estate. A J-REIT that lists its units on the Tokyo Stock Exchange must also comply with the Investment Trusts Association, Japan rules, which require the J-REIT to invest more than 50% of its assets in real estate and asset backed securities that are backed primarily by real estate, which includes, but is not limited to, real estate, leaseholds of real estate, surface rights or trust beneficiary interests in real estate, and surface rights or leaseholds of land. Pursuant to the ITA, investment corporations may not independently develop land for housing or to construct buildings, but may outsource such activities in certain circumstances.

	The basic investment policy of DLI is set out in DLI's articles of incorporation. Moreover, the Asset Manager has established asset management guidelines to provide more detailed policies based on this basic policy. However, the Asset Manager may amend or revise the asset management guidelines it has established without a vote of DLI's unitholders to the extent permitted in DLI's articles of incorporation.
Circumstances in which the AIF may use leverage	DLI may borrow funds or issue bonds for such purposes as property acquisitions, property repair or improvement, repayment of tenant leasehold and security deposits, payment of DLI's expenses and repayment of DLI's indebtedness.
The types and sources of leverage permitted and associated risks	DLI currently has outstanding short- and long-term loans as well as outstanding bonds. All of DLI's currently outstanding borrowings are unsecured and unguaranteed and are subject to fixed, hedged floating, or unhedged floating interest rates. DLI borrows only from institutional investors as defined in the Special Taxation Measures Act (assuming that DLI's tenant leasehold and security deposits are not loans for this purpose). DLI's debt financing arrangements may contain affirmative and negative covenants, including covenants that require maintaining specific financial ratios or levels of cash reserves, restrict distributions to unitholders or require posting collateral as security. Financial and other covenants may limit DLI's operational flexibility and distribution amounts to unitholders. Breach of any such covenants contained in debt instruments could require DLI to post additional collateral or result in the acceleration of these debt instruments. In addition, DLI's cash flow may be insufficient to meet its required principal and interest payments, which may trigger events of default that also entitle lenders to require DLI to collateralize its properties or demand that the entire outstanding balance be paid. In the event of an increase in interest rates, to the extent that DLI has debt with unhedged floating interest rates or DLI takes out new debt, DLI's interest payments may increase, which could reduce the amounts available for cash distributions to unitholders. Higher interest rates may also limit DLI's capacity for short-and long-term borrowings, which would limit DLI's ability to acquire properties. Even if DLI maintains a conservative LTV ratio, DLI's interest expense or exposure to changes in interest rates could increase due to macroeconomic factors or market conditions beyond DLI's control.
Any restrictions on leverage	Under DLI's articles of incorporation, DLI has an internal limit of ¥1 trillion on the aggregate principal amount of borrowings and bonds outstanding.
Any restrictions on collateral and asset reuse arrangements	No applicable arrangements.
Maximum level of leverage which the AIFM is entitled to employ on behalf of the AIF	DLI has set an upper limit of 60% as a general rule for its LTV ratio. DLI may, however, temporarily exceed this limit as a result of new property acquisitions or the timing of the issuance of new investment units.
Article 23(1) (b)	
Procedure by which the AIF may change its investment strategy / investment policy	Changes to DLI's basic investment policy require an amendment of its articles of incorporation. Such amendment requires a quorum of a majority of the total issued units and at least a two-thirds vote of the voting rights represented at a general meeting of unitholders. Unitholders should note, however, that unitholders who do not attend and do not exercise their voting rights at a general meeting of unitholders are deemed to be in agreement with proposals submitted at such meeting, except in the case of proposals for which contrary proposals are also submitted at the meeting.

	Additionally, the asset management guidelines of the Asset Manager, which provide the details of the basic policies set forth in DLI's articles of incorporation, may be amended or revised by the Asset Manager without a vote of DLI's unitholders, to the extent permitted under DLI's articles of incorporation.
Article 23(1) (c)	
Description of the main legal implications of the contractual relationship entered into for the purpose of investment, including jurisdiction, applicable law, and the existence or not of any legal instruments providing for the recognition and enforcement of judgments in the territory where the AIF is established	DLI is a corporate-type investment trust in the form of investment corporation (*toshi hojin*) provided for under the ITA. Therefore, the relationship between DLI and its unitholders is governed by DLI's articles of incorporation (as opposed to individual agreements), which can be amended from time to time upon resolution of a general unitholders' meeting. DLI's articles of incorporation stipulate rules relating to general unitholders meetings, including the convocation, setting of record date, exercise of voting rights, resolutions and election of DLI's directors. The relationship between DLI and its unitholders is also governed by, and is subject to the provisions of, Japanese law, including the ITA. The courts in Japan would recognize as a valid judgment any final and conclusive civil judgment for monetary claims (which, for this purpose, are limited to those of a purely civil nature and do not include monetary claims of the nature of criminal or administrative sanction, such as punitive damages, even though they take the form of civil claims) against DLI obtained in a foreign court provided that (i) the jurisdiction of such foreign court is admitted under the laws of Japan, (ii) DLI has received service of process for the commencement of the relevant proceedings, otherwise than by a public notice or any method comparable thereto, or has appeared without any reservation before such foreign court, (iii) neither such judgment nor the relevant proceeding is repugnant to public policy as applied in Japan, (iv) there exists reciprocity as to the recognition by such foreign court of a final judgment obtained in a Japanese court and (v) there is no conflicting judgement on the subject matter by any Japanese court. DLI has entered into the following asset management and business collaboration agreements, each of which is governed by Japanese law: • Asset management agreement dated August 27, 2018 between DLI and the Asset Manager • Business collaboration agreement dated March 17, 2006 among DLI, the Asset Manager and TAKARA Co., LTD. • Business collaboration agreement dated October 31, 2008 among DLI, the Asset Manager and MAINICHI COMNET Co., Ltd. • Business collaboration agreement dated November 25, 2008 among DLI, the Asset Manager and HASEKO LIVENET, Inc. • Pipeline support agreement dated May 31, 2019 among DLI, the Asset Manager and Daiwa ACA Healthcare Inc. The Asset Manager has entered into the following support agreement with the Sponsor, which is governed by Japanese law: • Sponsor support agreement dated December 11, 2015 between the Asset Manager and Daiwa Securities Group Inc. • Advisory agreement dated December 27, 2013 between the Asset Manager and AIP Healthcare Japan GK.

	Additionally, DLI has entered into purchase and sale agreements with sellers and buyers in connection with the acquisition or disposition of properties, as well as trust agreements with major Japanese trust banks pursuant to which DLI holds some of the properties in its portfolio in the form of trust beneficiary interests.
Article 23(1) (d)	
The identity of the AIFM, AIF's depositary, auditor and any other service providers and a description of their duties and the investors' rights thereto	• Asset Manager (AIFM): Daiwa Real Estate Asset Management Co., Ltd. • Auditor: Grant Thornton Taiyo LLC • Custodian: Mitsubishi UFJ Trust and Banking Corporation ("MUTB") • General administrators: MUTB • Transfer agent: MUTB • Special account administrators: Mizuho Trust & Banking Co., Ltd. • Administrator for bonds: MUFG Bank, Ltd. The Asset Manager's duties include management of DLI's properties, handling complaints received from third-parties, responsibility for DLI's financial affairs (including planning and budgeting functions and management of debt and equity issuances to fund DLI's acquisitions), disclosure of information about DLI and investor relations activities, preparation and delivery of reports pursuant to the ITA, and other related services based on DLI's individual requests. The FIEA provides that the Asset Manager owes DLI a fiduciary duty and must conduct its activities as asset manager in good faith. The FIEA also prohibits the Asset Manager from engaging in certain specified conduct, including entering into transactions outside the ordinary course of business or with interested parties of the Asset Manager that are contrary to or violate DLI's interests. Pursuant to the ITA, DLI's unitholders have the right to approve the execution or termination of the asset management agreement at a general meeting of unitholders, except in specific cases set forth under the ITA. The auditor's responsibilities include preparing an audit report on DLI's financial statements for each of DLI's fiscal periods. Other service providers owe contractual obligations under their respective agreements with DLI. The custodian provides custodial services for DLI's assets, the general administrators provide services such as administration of accounting matters and assistance with preparation of disclosure documents, the transfer agent provides services such as administration and custody of the unitholders' register, calculation of distributions and preparation of voting ballots for general meetings of unitholders, the special account administrators provide services in connection with the administration of DLI's special accounts, and the administrator for bonds provides services related to DLI's bonds. Unitholders do not have direct rights against the Asset Manager, auditor, custodian, general administrators, transfer agent, special account administrators or administrator for bonds.

Article 23(1) (e)	
Description of how the AIFM complies with the requirements to cover professional liability risks (own funds / professional indemnity insurance)	Not applicable.
Article 23(1) (f)	
Description of any delegated management function such as portfolio management or risk management and of any safekeeping function delegated by the depositary, the identification of the delegate and any conflicts of interest that may arise from such delegations	Not applicable. There is no delegation of such functions beyond the Asset Manager, which is responsible for portfolio and risk management, and the asset custodian, which is responsible for safekeeping activities.
Article 23(1) (g)	
Description of the AIF's valuation procedure and pricing methodology, including the methods used in valuing hard-to-value assets	DLI values its assets pursuant to the ITA, the Ordinance on Accountings of Investment Corporations and the valuation rules of the Investment Trusts Association, Japan, and in accordance with generally accepted accounting principles in Japan applicable to J-REITs. As a J-REIT, DLI may only use the valuation methods prescribed in the rules of the Investment Trusts Association, Japan. The asset evaluation methods and standards used in specific cases are set forth in DLI's articles of incorporation and depend on the type of asset and the purpose of the valuation. Hard-to-value assets include assets such as equity interests in real estate anonymous associations (*tokumei kumiai*) and beneficiary interests in trusts of money principally invested in real estate anonymous associations, as well as tenant leasehold and security deposits. Future cash flows of hard-to-value assets are difficult to estimate. DLI values hard-to-value assets differently depending on the asset, but pursuant to the valuation rules of the Investment Trusts Association, Japan or in accordance with generally accepted accounting principles in Japan applicable to J-REITs.
Article 23(1) (h)	
Description of the AIF's liquidity risk management, including redemption rights in normal and exceptional circumstances and existing redemption arrangements with investors	Net cash provided by operating activities constitutes DLI's primary source of liquidity to fund distributions, interest payments on outstanding loans payable, fees to the Asset Manager and other service providers, property taxes, repairs and maintenance, and capital expenditures for its properties in the ordinary course of business. DLI is required to set aside reserves for repairs and maintenance. However, DLI's ability to use its cash flows from operations to finance property acquisitions is severely limited because DLI is generally required, subject to certain internal reserves that DLI may establish as a reserve for reduction in the period in which it purchases a property, to distribute in excess of 90% of its distributable profits for each fiscal period to its unitholders in order to maintain its favorable tax treatment under the

	Special Taxation Measures Act. Therefore, DLI depends on outside financing in order to finance property acquisitions, including borrowings from financial institutions, equity financing and bond issuances. By financing its property acquisitions only after it identifies acquisition candidates, DLI seeks to limit the amount of its cash and deposits for which it has no immediate use. DLI considers the receipt of tenant leasehold and security deposits in evaluating its liquidity needs. DLI controls liquidity-related risk by observing an upper limit of 60% as a general rule for its LTV ratio, combining short- and long-term debt, diversifying repayment and maturity dates, evaluating the availability of commitment lines and maintaining a proper balance between debt subject to fixed and floating interest rates. DLI has an internal limit of ¥1 trillion on the aggregate principal amount of borrowings and bonds outstanding. Because DLI is a closed-end investment corporation, unitholders are not entitled to request the redemption of their investment.
Article 23(1) (i)	

Description of all fees, charges and expenses and a maximum amount which is directly / indirectly borne by the investors	Directors' compensation: DLI's articles of incorporation provide that DLI may pay its executive directors up to ¥800,000 per director per month and its supervisory directors up to ¥500,000 per director per month.
	
	Asset management, acquisition and disposition Fees: DLI pays the Asset Manager asset management, acquisition and disposition fees as follows:
	
	• *Asset Management fees*. DLI pays the Asset Manager asset management fees, which are composed of type 1 management fees and type 2 management fees as described below:
	  • Type 1 management fee: DLI pays to the Asset Manager a type 1 management fee for each calculation period, which is the three-month period ending on the final day of March, June, September or December of each year, payable after the end of each calculation period. This type 1 management fee is up to 0.20% of the total asset valuation calculated using the following method on an annualized (365-day per year) basis and rounded down to the nearest yen.
	    • The total asset valuation for each calculation period is the total appraisal value (i.e., (x) appraisal value or other value which is obtained pursuant to the articles of incorporation or (y) if such value is not available, acquisition price (as shown in the relevant agreement for acquisition of such assets and excluding acquisition related costs as well as national and local consumption taxes)) of real estate-related investment assets as of the last day of the immediately preceding fiscal period.
	  • Type 2 management fee: The type 2 management fee is up to 8.0% of the income before income taxes (including depreciation of goodwill and excluding gain on negative goodwill) prior to the deduction of the type 2 management fee as of the end of business term of DLI. The type 2 management fee is due by the end of the month that follows the month in which the financial statements are approved by DLI's board of directors.
	
	• *Acquisition fees*. DLI pays the Asset Manager acquisition fees as follows:

- For each new rental apartment property DLI acquires (excluding acquisition through a merger), the Asset Manager receives an acquisition fee of up to 1.0% of the purchase price, rounded down to the nearest yen.
- For each new healthcare facility DLI acquires (excluding acquisition through a merger), the Asset Manager receives an acquisition fee of up to 1.5% of the purchase price, rounded down to the nearest yen. The acquisition fee is due by the end of the month immediately following the month of the acquisition. Acquisition fees are capitalized as part of the purchase price of the relevant property.

- *Disposition fees*. For each property DLI disposes of (excluding transfer through a merger), the Asset Manager receives a disposition fee (with units of less than one yen disregarded) of up to 0.5% of the disposition price. The disposition fee is due by the end of the month immediately following the month of the disposition.

- *Merger Fee.* This shall be, in case of a merger with other investment corporations (including a consolidation-type merger and an absorption-type merger whereby DLI is the surviving corporation or the absorbed corporation; hereinafter the same shall apply), when the Asset Management Company investigates and evaluates the assets, etc. held by the other party of the merger and performs other services related to the merger on behalf of DLI and the merger takes effect, the amount (with units of less than one yen disregarded) that results from multiplying the total appraisal value of real estate-related investment assets held by the other party of the merger that is being succeeded or to be held by the newly established entity under the consolidation-type merger or the surviving corporation under the absorption-type merger on the day that the merger takes effect by a rate that will be a maximum of 1.0%. The time of payment of the Merger Fee shall be within three months from the end of the month in which the effective date of the merger falls.

<u>Custodian fee</u>:
DLI pays custodian fees to MUTB for each calculation period, which is the three-month period that ends on the last day of March, June, September or December of each year. The amount of custodian fees payable for each calculation period is determined based on DLI's total assets recorded on the balance sheet for the immediately preceding fiscal period up to the amount calculated using the table below, plus national and local consumption taxes.

Total assets	Fee calculation method
¥10 billion or less	¥7,000,000
Over ¥10 billion and not more than ¥50 billion	¥7,000,000 + (Total assets - ¥10 billion) × 0.050%
Over ¥50 billion and not more than ¥100 billion	¥27,000,000 + (Total assets - ¥50 billion) × 0.040%
Over ¥100 billion and not more than ¥200 billion	¥47,000,000 + (Total assets - ¥100 billion) × 0.035%
Over ¥200 billion and not more than ¥300 billion	¥82,000,000 + (Total assets - ¥200 billion) × 0.030%
Over ¥300 billion and not more than ¥500 billion	¥112,000,000 + (Total assets - ¥300 billion) × 0.025%

Over ¥500 billion	¥162,000,000 + (Total assets - ¥500 billion) × 0.020%

Notwithstanding the above, if unitholders' capital recorded on the balance sheet for the fiscal period immediately preceding the first day of the calculation period did not exceed ¥500 million, the custodian fees for the calculation period are ¥150,000 plus national and local consumption taxes. However, if unitholders' capital first surpassed ¥500 million during the calculation period, the custodian fees shall be the sum of (i) ¥150,000 prorated based on the number of days from the beginning of the calculation period until the day on which unitholders' capital first surpassed ¥500 million and (ii) an amount calculated in accordance with the table above based on the amount of unitholders' capital as of the day on which unitholders' capital first surpassed ¥500 million and prorated based on the number of days from such day until the end of the calculation period, plus national and local consumption taxes.

If the fees as set out above become inadequate due to a change in economic conditions or otherwise, such fees may be revised by agreement between MUTB and DLI upon mutual consultation.

General administrator fee (MUTB):
DLI pays general administration fees to MUTB for each calculation period, which is the three-month period ending on the last day of March, June, September or December of each year. The amount of general administration fees payable for each calculation period is determined based on the total assets recorded on DLI's balance sheet for the immediately preceding fiscal period up to the amount calculated using the table below, plus national and local consumption taxes.

Total assets	Fee calculation method
¥10 billion or less	¥11,000,000
Over ¥10 billion and not more than ¥50 billion........................	¥11,000,000 + (Total assets - ¥10 billion) × 0.080%
Over ¥50 billion and not more than ¥100 billion......................	¥43,000,000 + (Total assets - ¥50 billion) × 0.060%
Over ¥100 billion and not more than ¥200 billion....................	¥73,000,000 + (Total assets - ¥100 billion) × 0.055%
Over ¥200 billion and not more than ¥300 billion....................	¥128,000,000 + (Total assets - ¥200 billion) × 0.040%
Over ¥300 billion and not more than ¥500 billion....................	¥168,000,000 + (Total assets - ¥300 billion) × 0.035%
Over ¥500 billion..	¥238,000,000 + (Total assets - ¥500 billion) × 0.030%

Notwithstanding the above, if unitholders' capital recorded on the balance sheet for the fiscal period immediately preceding the first day of the calculation period did not exceed ¥500 million, the general administration fee for the calculation period is ¥240,000 plus national and local consumption taxes. However, if unitholders' capital first surpassed ¥500 million during the calculation period, the general administration fee is the sum of (i) ¥240,000 prorated based on the number of days from the beginning of the calculation period until the day on which unitholders' capital first surpassed ¥500 million and (ii) an amount calculated in accordance with the table above based on the amount of unitholders' capital as of the day on which unitholders' capital first surpassed ¥500 million and prorated based on the number of days from such day until the end of the calculation period, plus national and local consumption taxes.

If the fees as set out above become inadequate due to a change in economic conditions or otherwise, such fees may be revised by agreement between MUTB and DLI upon mutual consultation.

General administrator fee (Asset Manager):
DLI pays to the Asset Manager an administrative service fee of ¥900,000 per six-month period for services relating to administration of meetings of the board of directors. In addition, DLI pays to the Asset Manager an administrative service fee of ¥200,000 per meeting for services relating to the administration of unitholders' meetings.

Transfer agent fee:
DLI pays MUTB transfer agency fees up to the amounts described below, or as determined upon consultation between DLI and MUTB.

- Standard fees:

Monthly standard fees are equal to one sixth of the total amount of fees calculated in the manner below. There is a minimum monthly fee of ¥220,000.

Number of unitholders	Fees per unitholder
Up to 5,000 Unitholders...	¥390
Over 5,000 and up to 10,000	¥330
Over 10,000 and up to 30,000	¥280
Over 30,000 and up to 50,000	¥230
Over 50,000 and up to 100,000	¥180
Over 100,000..	¥150

- Other fees:

DLI pays to MUTB fees for various other transfer agency services, including fees in connection with the calculation and payment of distributions, notices, voting ballots for general unitholders' meetings and certificates and investigations.

Special Account Administrator Fee (Mizuho Trust & Banking Co., Ltd.):
DLI pays fees to Mizuho Trust & Banking Co., Ltd. for services rendered in connection with the administration of its special accounts up to the amounts described below, or as determined upon consultation between DLI and Mizuho Trust & Banking Co., Ltd.

- Special account administration fees:

These fees are based on the total number of accounts (investors) as of the end of the relevant month and are calculated according to the table below. There is a minimum special account administration fee of ¥35,000 per month.

Number of accounts (investors)	Fees per account (investor)
Up to 5,000 accounts (investors)	¥150
Over 5,000 and up to 10,000	¥140

	Over 10,000 and up to 30,000 .... ¥130 Over 30,000 and up to 50,000 .... ¥120 Over 50,000 and up to 100,000 .... ¥110 Over 100,000... ¥100 • Other fees: DLI pays to Mizuho Trust & Banking Co., Ltd. fees for other special accounts administration services, including fees for confirmation of requests for transfers and handling brokerage and transfer services. Bond Administration Fee: DLI pays fees to MUFG Bank, Ltd. for services related to bonds, including a maximum standard service fee of ¥16,000,000. Auditor Fee: DLI may pay Grant Thornton Taiyo LLC up to ¥30 million per fiscal period. The board of officers is responsible for determining the actual compensation amount.
Article 23(1) (j)	
Description of the AIFM's procedure to ensure fair treatment of investors and details of any preferential treatment received by investors, including detailing the type of investors and their legal or economic links with the AIF or AIFM	Under Article 77 paragraph 4 of the ITA, which applies the requirements of Article 109 paragraph 1 of the Companies Act of Japan to investment corporations, investment corporations are required to treat unitholders equally depending on the number and content of units held. In addition, upon liquidation, the allotment of residual assets to unitholders is required to be made equally depending on the number of units held under Article 77 paragraph 2 item 2 and Article 158 of the ITA.
Article 23(1) (k)	
The latest annual report referred to in Article 22(1)	Additional information may be found in our most recent semi-annual report prepared in accordance with Article 22 of the AIFMD, which is available at the AIFM's office located at 2-1, Ginza 6-chome, Chuo-ku, Tokyo, Japan.
Article 23(1) (l)	
The procedure and conditions for the issue and sale of the units	DLI is authorized under its articles of incorporation to issue up to 5,000,000 units. DLI's units have been listed on the Tokyo Stock Exchange since June 22, 2006. Secondary market sales and transfers of units will be conducted in accordance with the rules of the Tokyo Stock Exchange. Unit prices on the Tokyo Stock Exchange are determined on a real-time basis by the equilibrium between bids and offers. The Tokyo Stock Exchange sets daily price limits, which limit the maximum range of fluctuation within a single trading day. Daily price limits are set according to the previous day's closing price or special quote.

Article 23(1) (m)	
Latest net asset value of the AIF or latest market price of the unit or share of the AIF	DLI's unit's latest market price is publicly available at the Tokyo Stock Exchange or from financial information venders (including Reuters, which can be viewed at https://www.reuters.com/markets/companies/8986.T)
Article 23(1) (n)	
Details of the historical performance of the AIF, where available	The units of DLI were listed on the Tokyo Stock Exchange on June 22, 2006. The most recent five fiscal periods' performance of the units is as follows.

Fiscal period	Total Assets (JPY millions)	Total Net Assets (JPY millions)	Net Assets per unit (JPY)
32nd Fiscal Period (October 1, 2021 to March 31, 2022)	350,956	165,372	75,002
33rd Fiscal Period (April 1, 2022 to September 30, 2022)	353,676	165,218	74,932
34th Fiscal Period (October 1, 2022 to March 31, 2023)	366,565	171,436	75,826
35th Fiscal Period (April 1, 2023 to September 30, 2023)	367,532	171,996	76,074
36th Fiscal Period (October 1, 2023 to March 31, 2024)	399,467	187,118	77,743

Article 23(1) (o)	
Identity of the prime broker, any material arrangements of the AIF with its prime brokers, how conflicts of interest are managed with the prime broker and the provision in the contract with the depositary on the possibility of transfer and reuse of AIF assets, and information about any transfer of liability to the prime broker that may exist	No applicable prime broker.
Article 23(1) (p)	
Description of how and when periodic disclosures will be made in relation to leverage,	The AIFM will disclose the matters described in Articles 23(4) and 23(5) periodically through DLI's website and semi-annual report.

liquidity and risk profile of the assets, pursuant to Articles 23(4) and 23(5)	
Article 23(2)	
The AIFM shall inform the investors before they invest in the AIF of any arrangement made by the depositary to contractually discharge itself of liability in accordance with Article 21(13)	Not applicable.
The AIFM shall also inform investors of any changes with respect to depositary liability without delay	Not applicable.
Article 23(4)(a)	
Percentage of the AIF's assets which are subject to special arrangements arising from their illiquid nature. The percentage shall be calculated as the net value of those assets subject to special arrangements divided by the net asset value of the AIF concerned	There are no assets that are subject to special arrangements arising from their illiquid nature.
Overview of any special arrangements, including whether they relate to side pockets, gates or other arrangements	There are no such special arrangements.
Valuation methodology applied to assets which are subject to such arrangements	There are no such special arrangements.
How management and performance fees apply to such assets	There are no such special arrangements.
Article 23(4)(b)	
Any new arrangements for managing the liquidity of the AIF	Any new arrangements or change in applicable arrangements will be disclosed at an appropriate time.
For each AIF that the AIFM manages that is	Any new arrangements or change in applicable arrangements will be disclosed at an appropriate time.

not an unleveraged closed-end AIF, notify to investors whenever they make changes to its liquidity management systems (which enable an AIFM to monitor the liquidity risk of the AIF and to ensure the liquidity profile of the investments of the AIF complies with its underlying obligations) that are material in accordance with Article 106(1) of Regulation (EU) No 231/2013 (ie. there is a substantial likelihood that a reasonable investor, becoming aware of such information, would reconsider its investment in the AIF, including because such information could impact an investor's ability to exercise its rights in relation to its investment, or otherwise prejudice the interests of one or more investors in the AIF).	
Immediately notify investors where they activate gates, side pockets or similar special arrangements or where they decide to suspend redemptions	Any new arrangements or change in applicable arrangements will be disclosed at an appropriate time.
Overview of changes to liquidity arrangements, even if not special arrangements	Any new arrangements or change in applicable arrangements will be disclosed at an appropriate time.
Terms of redemption and circumstances where management discretion applies, where relevant	DLI is a closed-end investment corporation and unitholders are not entitled to request the redemption of their investment.

Also any voting or other restrictions exercisable, the length of any lock-up or any provision concerning 'first in line' or 'pro-rating' on gates and suspensions shall be included	There are no voting or other restrictions on the rights attaching to units.
Article 23(4)(c)	
The current risk profile of the AIF and the risk management systems employed by the AIFM to manage those risks	The Asset Manager stipulates basic provisions of risk management in its risk management rules. The appropriateness and effectiveness of the Asset Manager's risk management systems are regularly reviewed and evaluated by the Asset Manager. The use of long-term loans and bonds to finance asset acquisitions and for other purposes gives rise to liquidity risks. DLI controls such risks by observing an upper limit of 60% as a general rule for its LTV ratio, diversifying repayment and maturity dates, diversifying financing methods and lenders, maintaining a proper balance between debt subject to fixed and floating interest rates, retaining a certain amount of liquid cash deposits, and evaluating the availability of commitment lines. Some of DLI's current loans have unhedged floating interest rates that are exposed to the risk of interest rate fluctuations. Moreover, DLI may decide to take out further loans with unhedged floating interest rates in the future. DLI, in order to reduce the impact caused by rising interest rates, closely monitors the movement of interest rates. Derivative transactions (interest rate swap transactions) may be used to hedge against the risks of increases in floating interest rates. DLI's use of tenant leasehold and security deposits gives rise to liquidity risk since repayment of these deposits is triggered when tenants move out of DLI's properties. This risk is controlled through such measures as preparing cash management plans and retaining cash and deposits sufficient to return deposits to tenants.
Measures to assess the sensitivity of the AIF's portfolio to the most relevant risks to which the AIF is or could be exposed	No such measures have been implemented.
If risk limits set by the AIFM have been or are likely to be exceeded and where these risk limits have been exceeded a description of the circumstances and the remedial measures taken	No such situation has occurred.
Article 23(5)(a)	
Any changes to the maximum amount of leverage which the AIFM	Any new arrangements or change in applicable arrangements will be disclosed at an appropriate time.

may employ on behalf of the AIF, calculated in accordance with the gross and commitment methods. This shall include the original and revised maximum level of leverage calculated in accordance with Articles 7 and 8 of Regulation (EU) No 231/2013, whereby the level of leverage shall be calculated as the relevant exposure divided by the net asset value of the AIF.	
Any right of the reuse of collateral or any guarantee granted under the leveraging agreement, including the nature of the rights granted for the reuse of collateral and the nature of the guarantees granted	No such right or guarantee exists.
Details of any change in service providers relating to the above.	Any new arrangements or change in applicable arrangements will be disclosed at an appropriate time.
Article 23(5)(b)	
Information on the total amount of leverage employed by the AIF calculated in accordance with the gross and commitment methods	The aggregate amount of interest-bearing debt (including bonds) was JPY 204,737 million as of March 31, 2024.

Pre-contractual disclosure for the financial products referred to in *Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088* and *Article 6, first paragraph, of Regulation (EU) 2020/852*

Product Name: Daiwa Securities Living Investment Corporation

Daiwa Securities Living Investment Corporation ("DLI") promotes environmental or social characteristics but does not have as its objective a sustainable investment within the meaning of Article 9(1) of Regulation (EU) 2019/2088 ("SFDR"). DLI has no employees in accordance with the prohibition on having employees under the Act on Investment Trusts and Investment Corporations of Japan and relies on Daiwa Real Estate Asset Management Co., Ltd. (the "Asset Manager"), to manage and operate the properties in DLI's portfolio. DLI and the Asset Manager are hereinafter referred to collectively as "we," "us" or "our." References to "fiscal year" or "FY" are to the 12 months began or beginning April 1 of the year specified in line with the fiscal year of the Asset Manager, unless noted otherwise.

Does this financial product have a sustainable investment objective?	
☐ **Yes**	☒ **No**
☐ It will make a minimum of **sustainable investments with an environmental objective**: __% ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☐ **It promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of __% of sustainable investments ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy ☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy ☐ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective**: __%	☒ It promotes E/S characteristics, but **will not make any sustainable investments**

What environmental and/or social characteristics are promoted by this financial product?

DLI's mission is to support everyone's life and lifestyle; our goal is to provide comfortable living spaces, rental housing and healthcare facilities, suitable for each life stage of our customers. For this goal, DLI proactively makes investments in healthcare facilities, which occupied 27.7% of its portfolio as of March 31, 2024, on an acquisition price basis. These healthcare facilities include elderly care facilities, medical care facilities and life science facilities in various parts of Japan, and DLI aims to build a portfolio of up to 40% in healthcare facilities, on an acquisition price basis. In Japan's aging society, healthcare facilities that primarily serve the elderly population have significant social value, as recognized by the United Nations Sustainable Development Goals ("SDGs"), such as SDG2 (Zero Hunger), SDG3 (Good Health and Well-being), SDG6 (Clean Water and Sanitation), SDG11 (Sustainable Cities and Communities) and SDG13 (Climate Action). Furthermore, we focus on promoting environmental, social and governance, or ESG, characteristics in managing all of DLI's assets in the belief that emphasis on ESG contributes to the enhancement of DLI's medium- to long-term corporate value. In March 2024, we set a long-term goal to become carbon neutral by FY2050. DLI has implemented a number of environmental initiatives, including resource and energy-saving measures, as described in detail below.

No specific index has been designated as reference benchmark to determine whether DLI is aligned with the environmental and/or social characteristics that it promotes.

What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

DLI has set a portfolio composition target ratio under which up to 40% consists of healthcare facilities and more than 60% consists of real estate-related properties for residential use, in each case on an acquisition price basis. As of March 31, 2024, DLI's portfolio is comprised of 27.7% healthcare facilities and 72.3% real estate-related properties for residential use, in each case on an acquisition price basis.

Additionally, DLI and the Asset Manager use the following indicators to measure progress made on the environmental or social characteristics promoted by DLI:

- *Global Real Estate Sustainability Benchmark ("GRESB") Real Estate Assessment*. DLI and the Asset Manager have participated in the GRESB Real Estate Assessment every year since the fiscal period ended September 30, 2018. GRESB is an industry-led international organization that evaluates sustainability performance of real estate portfolios (including listed funds, private funds and direct investments). In 2023, DLI was awarded a "Green Star" rating for its outstanding achievement in both the management component and environmental performance component of the environmental characteristics assessment. DLI also received the highest rating, "A Level" in the GRESB Disclosure Assessment.
- *MSCI ESG Rating.* Using an ESG evaluation framework created by MSCI ESG Research LLC, the MSCI ESG rating assigns a rating on a seven-tiered scale, ranging from "AAA" to "CCC," based on exposure to industry-specific ESG risks and management capabilities for handling those risks in comparison with other companies in the same industry. The MSCI ESG rating is one of the parameters for listing companies on the MSCI Japan ESG Select Leaders Index, which is considered as a qualifying ESG index for passive management by Japan's Government Pension Investment Fund and is used by over 1,300 institutional investors around the world and in the creation of over 1,000 investment indexes. DLI has obtained an MSCI ESG rating of "BB" as of April 2023.
- *Development Bank of Japan Inc. ("DBJ") Green Building Certification*. The DBJ Green Building Certification Program, launched by DBJ in April 2011, managed by Japan Real Estate Institute under the supervision of DBJ since 2017, awards "Green Building" certification to properties that demonstrate good environmental and social practices. In assessing the properties, they take into account various factors ranging form the properties' environmental performances to their disaster relief capacities. Among the properties in DLI's portfolio, the following properties have been awarded the DBJ Green Building Certification: Chijikoukanmae Tower Residence, the Residence Honmoku Yokohama Bayside, Serenite Honmachi Grande, and Granpark Tenjin.
- *Japan Credit Rating Agency, Ltd. ("JCR") Social Finance Framework Evaluation.* The JCR Social Finance Evaluation assesses whether a social finance framework, social bond or a social loan is in line with the International Capital Market Association's is the Social Bond Principles. In May 2021, DLI received the highest grade, Social 1(F). In the evaluation, JCR verified that all of the proceeds from the issuance of bonds or borrowings of loans under DLI's social finance framework were used to finance projects that have positive social impacts., and rated DLI's social project selection criteria as reasonable and transparent.
- *The Task Force on Climate-related Financial Disclosures ("TCFD")*. In December 2021, the Asset Manager established the Climate Change Resilience Policy to lay out our objectives and our corporate functions for addressing climate-change related issues and to widen the scope of disclosure of our climate-change related initiatives. We announced our support for the TCFD recommendations in December 2021. In January 2022, the Asset Manager joined the TCFD consortium, a group of domestic companies that support TCFD recommendations. As we recognize that climate change is an important issue, we will gradually strengthen our efforts to disclose information related to climate change, while identifying and analyzing risks and opportunities related to climate change and continuously working to reduce the environmental impact of our

business based on the TCFD recommendations.

- *Energy Saving Initiatives*. The Asset Manager tracks and monitors consumption of energy, including electricity, urban and propane gas and steam energy in common areas of DLI's properties that the Asset Manager manages, and measures progress against annual and medium- to long-term targets. These targets are shared with property managers and tenants so that the Asset Manager can collaborate with such parties to continuously reduce energy consumption. DLI aims to reduce energy consumption intensity of DLI's properties by 1% per year (5% over five years) for the properties in DLI's portfolio. In addition, DLI has implemented eco-friendly equipment, such as LED lighting, high-efficiency heating equipment and energy-saving air conditioning systems. As of March 31, 2024, DLI has installed 453 LED light bulbs and 323 energy-saving air conditioning units. In addition, DLI has installed solar panels to some of our healthcare facilities.
- *Reduction of Greenhouse Gas ("GHG") Emissions Initiatives*. The Asset Manager tracks and monitors GHG emissions, including direct emission from burning fuels and indirect emission from power purchases and procurement over the entire supply chain at DLI's properties and measures progress against established targets. The Asset Manager tries to reduce the environmental impact of DLI's properties that emit high levels of GHG. DLI aims to reduce GHG emissions intensity from energy sources by 1% per year (5% over five years) for the properties in DLI's portfolio. DLI has implemented equipment that contributes to reduction of GHG emissions.
- *Water-saving Initiatives*. The Asset Manager tracks and monitors water consumption in common areas of DLI's properties that the Asset Manager manages. DLI aims to reduce water consumption intensity by 0.2% per year (1% over five years) for the properties in DLI's portfolio. DLI has implemented water-saving equipment such as water-saving toilets.
- *Sustainable Procurement Initiatives*. The Asset Manager takes into account the following criteria in choosing products and services we purchased: (i) low consumption of fossil fuels and energy, (ii) low usage and emission of substances with adverse effects on environment and human health, (iii) designed to conserve biodiversity and ecology, (iv) designed for long-term usage, (v) designed to be reusable and recyclable, (vi) uses reclaimed material and has environmental certification, (vii) easily disposable, and (viii) reduced procurement amount to reduce waste. Furthermore, the Asset Manager selects property managers and suppliers based on their sustainability framework and ability to cooperate with the Asset Manager's ESG practices, in addition to their creditworthiness, product or service quality and price.
- *Sustainability Framework*. In choosing property managers and suppliers, the Asset Manager takes into consideration whether the property manager or supplier (i) has adopted an environmental management system such as ISO14001 and obtains third-party certification, or otherwise fulfills the ESG requirements established by the Asset Manager, (ii) selects any subcontractor by taking into account its sustainability policy and makes it comply with the Asset Manager's ESG requirements, (iii) establishes and follows appropriate and employee-friendly work environment, (iv) promotes diversity of human resources and work-life balance, and prohibits unfair labor, (v) has corporate ethics guidelines including anti-corruption policy, (vi) engages in and contributes to areas and communities surrounding DLI's properties, and (vii) has a disaster risk management system.
- *Cooperation with the Asset Manager's ESG practices.* The Asset Manager requires the property managers or suppliers to engage in (i) energy-saving, water-saving and reduction of greenhouse gas emissions, (ii) appropriate waste management and recycling promotion, (iii) control and reduction of hazardous chemical substances and maintenance of health and safety including water quality, and (iv) maintenance of favorable relationships with tenants.

What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?

Not applicable.

How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

Not applicable.

Principal adverse impacts

Does DLI consider principal adverse impacts on sustainability factors?

Yes, we consider principal adverse impacts on sustainability factors. We continuously collect information on DLI's portfolio's principal adverse impact indicators, including exposure to fossil fuels through real estate assets, exposure to energy-inefficient real estate assets, greenhouse gas ("GHG") emissions and energy consumption intensity. We aim to manage the risks connected to principal adverse impacts through our investment decisions in several ways, including general screening criteria and due diligence as described below.

- *Exposure to fossil fuels through real estate assets*. DLI does not invest in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels.

- *Exposure to energy-inefficient real estate assets*. We classify properties that have been awarded one of the following certifications as "Green Assets": DBJ Green Building Certification, the Comprehensive Assessment System for Built Environment Efficiency ("CASBEE") certification, and the Building Energy-efficiency Labeling System ("BELS") certification. As of March 31, 2024, 19.7% of the properties in DLI's portfolios were Green Assets based on gross floor area. We consider properties that are not Green Assets as energy-inefficient investment assets. We will continue our efforts to maintain and increase the percentage of Green Assets in DLI's portfolio.

- *GHG emissions*. GHG emissions generated by our rental housing properties were 3,387 t-CO_2 in FY2021 and 3,611 t-CO_2 in FY2022. GHG emissions generated by our healthcare facilities was 16,238 t-CO_2 in FY2021 and 17,372 t-CO_2 in FY2022.

- *Energy consumption intensity*. Energy consumption intensity of our rental housing properties was 0.109 MWh/m^2 in FY2021 and 0.109 MWh/m^2 in FY2022. Energy consumption intensity of our healthcare facilities was 0.236 MWh/m^2 in FY2021 and 0.232 MWh/m^2 in FY2022.

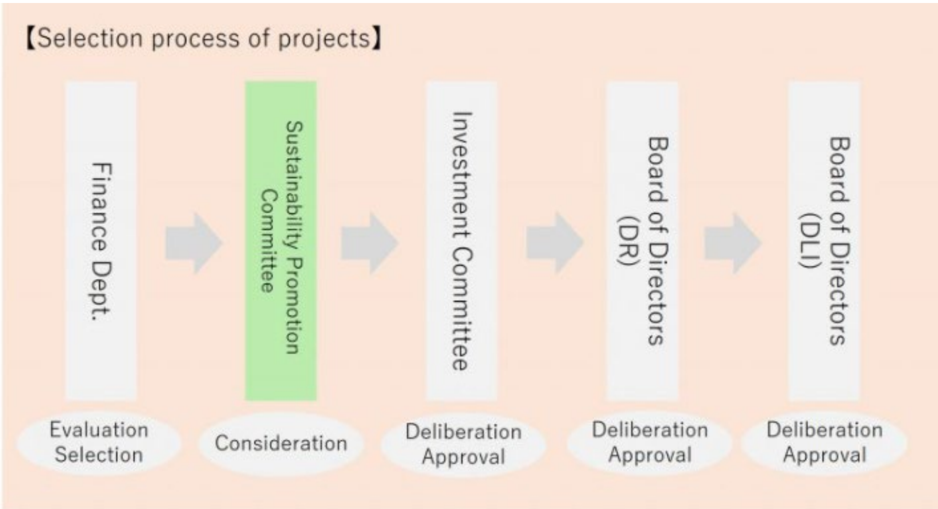
Investment Strategy

What investment strategy does DLI follow?

DLI takes into account sustainability factors throughout our investment decision-making process as follows.

- *Investment Policy*. DLI invests in healthcare facilities such as elderly care facilities, medical care facilities and life science facilities throughout Japan in addition to residential properties. DLI considers tenants/operators' financial stability, management effectiveness, governance and legal compliance to ensure that residents of DLI's healthcare facilities have stable living arrangements.
- *Due Diligence*. The Asset Manager investigates the environmental and geological conditions of each property to determine the possibility of environmental hazardous substances and land pollution. The Asset Manager conducts, with assistance from outside experts, financial, property and legal due diligence review to evaluate investments. DLI invests only in properties that have no environmental hazardous substances. We generally do not invest in properties that exceed the land pollution threshold specified in the Enforcement of Soil Contamination Countermeasures Act (Act No. 53 of 2002) of Japan (the "Soil Contamination Act"), and when we do, the Asset Manager consults professionals to weigh their impact on the surrounding environment and people against the economic benefits they would bring before making investment decisions.

- *Social Finance Framework*. DLI has established a social finance framework to provide investors with opportunities to invest in properties with positive social impact.
  - *Use of Proceeds*. Funds raised through social bonds or social loans under DLI's social finance framework will be used to acquire properties that meet the following eligible criteria or to refinance the funds used on such properties: (i) paid elderly facilities/homes or serviced senior housings and (ii) medical facilities (hospitals, clinics and "medical malls").
  - *Selection process of projects*. The Asset Manager's Finance Department will evaluate and select projects based on sustainability considerations. The project is then examined by the Asset Manager's Sustainability Promotion Committee, which provides its opinion on the project from a sustainability perspective, considered by the Asset Manager's Investment Committee and the Board of Directors, and approved by the DLI's Board of Directors.



  - *Management of procured funds.* Any unallocated funds will be managed in cash or cash equivalent. If any asset purchased with social finance funds is subsequently sold, the proceeds from the sale will be managed so that that total balance of social finance funds will not exceed the social finance-eligible debt limit, which is set at the total acquisition price of assets that meet the social finance eligible criteria, multiplied by DLI's portfolio LTV.
  - *Reporting*. The following matters will be disclosed annually on DLI's website: (i) social finance status, (ii) allocation of funds and (iii) output indicators, such as the number of acquired healthcare facilities, number of users, occupancy rates and number of beds, and outcome indicators, such as changes in the amount of investment by DLI in healthcare facilities.

What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by the investments units of DLI?

A binding element of the investment strategy is DLI's social finance framework. With respect to any property acquired or refinanced through the social finance framework, the Asset Manager's the Sustainable Promotion Committee is required select assets for investment meeting the eligible criteria.

The other binding elements of the investment strategy are the exclusion of properties not meeting the thresholds for environmental hazardous substances, soil contamination and other environmental contamination in accordance with the Soil Contamination Act and other environmental laws and ordinances.

What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?

As discussed in detail above, DLI invests only in properties that have been subjected to ESG-related due diligence review. In selecting healthcare properties, DLI takes into account the operators' financial stability, management effectiveness, and governance and legal compliance.

What is the policy to assess good governance practices of the investee companies?

DLI invests directly or indirectly through trust beneficiary interests in real estate and real estate-related assets. Therefore, due diligence review (including the assessment of good governance practices) in relation to investee companies is not applicable.

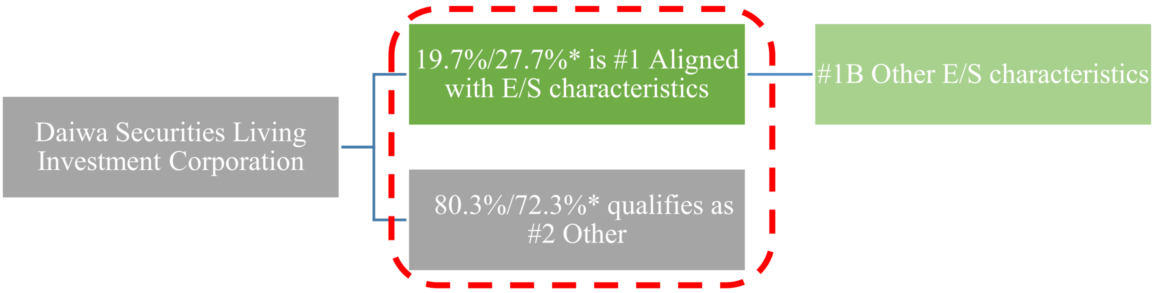
While there is no third-party rating used for assessment of DLI's governance practices, DLI and the Asset manager have implemented the following measures to assess and enhance DLI's governance systems:

- *Adoption of performance-linked asset management fees.* DLI pays performance-linked fees based on the total asset valuation to the Asset manager to align the interest of DLI's unitholders and the interest of the Asset Manager.
- *Related-party transactions.* DLI is not allowed to carry out related-party transactions which amount exceed certain threshold without the approval of DLI's board of directors.
- *Transparent and appropriate information disclosure.* DLI holds management calls for its overseas unitholders and engages with a wide range of unitholders at its earnings meetings, which are held via teleconference. DLI makes ongoing disclosures in Japanese pursuant to the Financial Instruments and Exchange Act and other applicable laws and regulations in Japan, and provides English translations where practicable.

Asset Allocation

What is the asset allocation planned for the investment units of DLI?

As of March 31, 2024, 19.7% of the properties in DLI's portfolio were Green Assets, and 80.3% were not qualified as Green Assets, based on gross floor area. As of March 31, 2024, 28.9% of the properties in DLI's portfolio were healthcare facilities based on acquisition price. As described in more detail above, all of DLI's properties are evaluated against environmental and/or social characteristics promoted by DLI. DLI and the Asset Manager view DLI's Green Assets as investments aligned with environmental characteristics and DLI's healthcare facilities as investments aligned with social characteristics.



* The percentages indicate the proportion of the Green Assets and the properties that are not qualified as Green Assets (in each case based on gross floor area) and the healthcare facilities and the properties that are not healthcare facilities (in each based on acquisition price) in DLI's portfolio, respectively.

#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

How does the use of derivatives attain the environmental or social characteristics promoted by this financial product?

Not applicable.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?
Not applicable.

Does this financial product invest in fossil gas and / or nuclear energy related activities that comply with the EU Taxonomy?

No. DLI does not invest in real estate assets involved in fossil gas and / or nuclear energy-related activities.

What is the minimum share of investments in transitional and enabling activities?

Not applicable.

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Not applicable.

What is the minimum share of socially sustainable investments?

Not applicable.

What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

"#2 Other" includes the assets that do not qualify as Green Assets or are not healthcare facilities.

Index as Reference Benchmark

Is a specific index designated as a reference benchmark to determine whether the investment units of DLI are aligned with the environmental or social characteristics that it promotes?

No specific index has been designated as reference benchmark to determine whether DLI is aligned with the environmental and/or social characteristics that it promotes.

How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by DLI?

Not applicable.

How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?

Not applicable.

How does the designated index differ from a relevant broad market index?

Not applicable.

Where can the methodology used for the calculation of the designated index be found?

Not applicable.

More Product-specific Information

Where can I find more product specific information online?

More product-specific information can be found on the website: https://www.daiwa-securities-living.co.jp/en/

Note Regarding the EU Taxonomy Regulation

As set out above, DLI promotes certain environmental characteristics.

The Asset Manager is required, under Regulation (EU) 2020/852 (the "EU Taxonomy Regulation"), to disclose whether its assets are aligned with the environmental objectives formulated in the EU Taxonomy regulation. The EU Taxonomy Regulation is to be complemented by technical standards and screening criteria. The technical screening criteria for the first two environmental objectives (climate change mitigation and climate change adaptation) were adopted in December 2021 and amended in June 2023. The amended criteria apply as of January 1, 2024. The technical screening criteria for the other four environmental objectives (sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, and protection and restoration of biodiversity and ecosystems) were adopted in June 2023. They apply as of January 1, 2024.

DLI invests in economic activities that are eligible under the EU Taxonomy Regulation in respect of climate change mitigation and/or climate change adaptation. This means that screening criteria for these investments have been or will be developed. The Asset Manager expressly states that in view of the fact that the regulations are still under development or have only recently been adopted and/or amended and the fact that, as a result thereof, data on alignment of DLI's investments with these environmental objectives and climate related goals in line with EU Taxonomy Regulation are not sufficiently available, the Asset Manager is not currently in a position to disclose on an accurate and reliable basis to what extent DLI's investments technically qualify as Taxonomy-aligned or "environmentally sustainable" within the specific meaning of the EU Taxonomy Regulation. DLI's investments may have a positive contribution to these environmental objectives and may therefore eventually be considered Taxonomy-aligned, but at this stage, the Asset Manager is required to state that there is no minimum proportion of DLI's investments that qualify as such.

The Asset Manager further states that the "do no significant harm" principle applies only to those investments underlying the financial product that takes into account the EU criteria for environmentally sustainable economic activities. The investments underlying the other portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

INTEGRATION OF SUSTAINABILITY RISKS IN THE INVESTMENT DECISIONS, AND THE IMPACT OF SUCH RISKS ON THE RETURNS OF DLI (SFDR ARTICLE 6 DISCLOSURE)

Classification		Risk and Opportunity Factors in Real Estate Management	Potential Financial Impacts	Category	Financial Impacts				Countermeasures
					4°C		1.5°C/2°C		
					Medium Term	Long Term	Medium Term	Long Term	
Transition Risks and Opportunities	Policy and Legal	Stricter regulations against GHG emissions due to an introduction of carbon tax	• Increased tax burden due to the introduction of carbon tax, depending on the volume of GHG emissions from properties	Risk	**Small**	**Small**	**Medium**	**Medium**	• Introduction of energy management systems and renewable energy • Planned reduction of energy consumption/GHG emissions at portfolio properties • Improvement of GHG emissions through strategic replacement/renovation of properties • Increase in environmental certification acquisition rates
		Stricter energy-saving standards, obligation to report emissions	• Increased renovation costs due to raised energy-saving standards • Increased business expenses related to emissions reporting	Risk	**Small**	**Small**	**Medium**	**Medium**	
		Enhanced competitiveness of properties that comply with legal regulations	• Increased rent income from portfolio properties with high environmental performance • Decreased utility bills thanks to improved energy efficiency	Opportunity	**Small**	**Small**	**Small**	**Medium**	
	Technology	Advancement and spread of energy-saving and renewable energy technologies	• Increased renovation costs due to the introduction of new technologies	Risk	**Small**	**Small**	**Medium**	**Medium**	• Introduction of cutting-edge technologies • Planned renovation works • Promotion of transition to power renewable energy
			• Decreased utility bills thanks to better energy-saving performance	Opportunity	**Small**	**Small**	**Medium**	**Medium**	
	Market	Fluctuations in properties' asset value depending on environmental performance	• Fluctuations in portfolio properties' asset value depending on environmental certification acquisition rates • Fluctuations in rent income depending on the proportion of portfolio properties with high environmental performance	Risk	**Small**	**Small**	**Medium**	**Medium**	• Increase in environmental certification acquisition rates • Promotion of transition to power from renewable energy • Sufficient information disclosure about portfolio properties' environmental performance
			• Decreased utility bills thanks to better energy-saving performance	Opportunity	**Small**	**Small**	**Small**	**Medium**	
		Changes in the stances of investors/lenders/tenants on investing and lending	• Fluctuations in reputation from ESG-conscious investors and lenders • Fluctuations in ESG-conscious tenants' demand for moving in and out • Better/Worse terms and conditions in financing from financial institutions, etc.	Risk	**Small**	**Small**	**Medium**	**Medium**	• Appropriate disclosure of ESG-related information, including that on climate change • Higher ratings in ESG assessments by external institution • Reduction of financing costs through the use of sustainability finance
				Opportunity	**Small**	**Small**	**Small**	**Medium**	
Physical Risks	Reputation	Decline in reputation from investors and customers	• Decreased investment unit prices/Lower ESG ratings • Decreased profitability of properties with low environmental performance/resilience	Risk	**Small**	**Small**	**Medium**	**Medium**	• Appropriate disclosure of ESG-related information, including that on climate change • Stronger stakeholder engagement in ESG area • Continuous improvement of environmental performance/ Continuous acquisition of environmental certifications
	Acute	Increased loss due to severer storm and flood damage	• Increased repair costs and insurance premiums • Decreased rent income due to lower occupancy rates • Loss of business opportunities/Increased business continuity risks • Increased renovation costs to protect portfolio properties from water intrusion, damage, destruction, etc.	Risk	**Medium**	**Medium**	**Small**	**Small**	• Risk comprehension using hazard maps, etc. • Portfolio of highly resilient properties • Upgrading of facilities to install high-efficiency air conditioning systems, introduction of energy management systems • Collaborative energy saving initiatives with tenants, including green leases • Enhancement of BCP measures • Promotion of greening at portfolio properties.
	Chronic	Increased damage from rise in average temperature/sea level		Risk	**Small**	**Small**	**Small**	**Small**	

*Scenario analysis is based on currently available information and objective forecast data from third-party organizations and does not necessarily guarantee the accuracy of the information due to the inherent uncertainty of known and unknown risks.

DLI and the Asset Manager address sustainability risks by taking into account environmental, social and governance, or ESG, factors in our investment decision process and on a continuous basis.

As DLI's investment policy, DLI invests in healthcare facilities such as elderly care facilities, medical care facilities and life science facilities throughout Japan in addition to real estate-related properties for residential use. DLI believes that investments in healthcare facilities address the high and rising demand for high-quality healthcare facilities that service Japan's super-aging population. DLI selects operators based on their financial strength, management effectiveness, governance and legal compliance to ensure that residents of DLI's healthcare facilities have stable living arrangements.

The Asset Manager's investment decision-making process involves assessment of material ESG-related risks and opportunities to ensure that DLI's sustainable investment strategy is implemented on a continuous basis. With each acquisition opportunity, DLI and the Asset Manager review ESG-related due diligence findings. These findings are required to be considered by the Asset Manager's Investment Committee and Board of Directors before a final decision is made on the investment.

As part of due diligence review prior to investment, the Asset Manager investigates the environmental and geological conditions of each property to determine the possibility of environmental hazardous substances and land pollution. The Asset Manager conducts, with assistance from outside experts, financial, property and legal due diligence review to evaluate investments. DLI invests only in properties that have no environmental hazardous substances and generally do not exceed a certain land pollution threshold, which is specified in the Enforcement Regulations of Soil Contamination Countermeasures Act in Japan. If a property exceeds the land pollution threshold, the Asset Manager consults professionals regarding the impact on the surrounding environment and people weighed against economic benefits before making an investment decision. With respect to a healthcare facility, the Asset Manager investigates the surrounding area to assess demographic trends, and the compliance structure and internal controls of the facility operator, in addition to reviewing its general legal compliance.

In addition, the Asset Manager has established a sustainability promotion system and designated its President & CEO as the Chief Executive for Promoting Sustainability, in addition to establishing a Chief Sustainability Officer to promote sustainability and responsible for executing sustainability measures and managing progress, and a Sustainability Promotion Committee. Meetings of the Sustainability Promotion Committee are held regularly (in principle, once a month) to discuss sustainability matters, including policies, goals and measures and social finance framework.

Furthermore, the Asset Manager tracks the sustainability measures including energy saving initiatives, initiatives for reduction of GHG emissions and water-saving initiatives and receives information and proposals on healthcare facility management from AIP Healthcare Japan GK, which operates DLI's healthcare facilities to monitor sustainability factors with respect to the healthcare facilities.

We believe that taking into account ESG factors alongside traditional financial and operational factors in our investment decision process and on a continuous basis enhance value creation for DLI's unitholders.