大和証券リビング投資法人

Daiwa Securities Living Investment Corporation

Supplementary Material to the Press Release

"Notice Concerning Acquisition of Domestic Trust Beneficiary Interests (Rental Housing 3 Properties) and Disposition of Domestic Real Estate (Rental Housing 4 Properties)"

"Notice Concerning Revision to Forecasts of Operating Results and Distribution for the Fiscal Period Ending September 2024 (37th Fiscal Period)"

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

June 21, 2024



大和リアル・エステート・アセット・マネジメント

Daiwa Real Estate Asset Management

General Outline of the Transaction and Reason for the Transfer

General Outline of the Transaction

1. Asset to be acquired

No.	Name of property	Type	Anticipated acquisition price (JPY million)	Appraisal value (as of Jun 2024) (JPY million)	Scheduled acquisition date
1	N-stage Gyotoku II (Ichikawa, Chiba)	Residence (Studio)	2,572	2,630	Aug 2, 2024
2	N-stage Yamato (Yamato, Kanagawa)		2,136	2,180	
3	N-stage Ichikawakonodai (Ichikawa, Chiba)		1,911	1,990	
Total		-	6,620	6,800	-

Average age of acquired properties
6 years
Acquired **2.6**% below appraisal value

Average age of disposed properties
27 years
Disposed **1.1**% above appraisal value

2. Asset to be disposed

No.	Name of property	Book value (as of the end of Mar 2024) (JPY million)	Anticipated disposition price (JPY million)	Profit or loss on disposition (JPY million)	Scheduled disposal date
1	willDo Todoroki	1,729	5,582	**1,499**	Aug 1, 2024
2	SK Residence	763			
3	Angel Heim NishiRokugo No.2	982			
4	willDo Chiyoda	510			
Total		3,985	5,582	**1,499**	-

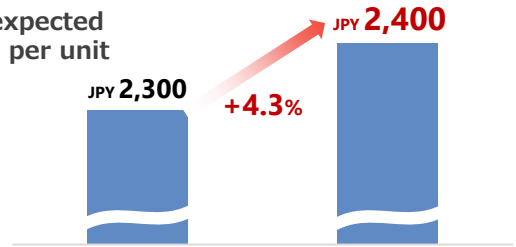
Utilize to increase distribution, internal reserves and acquisition of new assets

Reason for the Transfer

1 Increase in dividends

- Realization of unrealized gains as capital gains by asset disposal at appropriate timing and prices.
  Anticipated gain on the disposition: JPY1,499 million
- Gain on disposition is planned to be internally reserved in part, with the remaining amount to be distributed. Disposition is scheduled to continue in the future and as with this disposition, a portion of the capital gains expected to accrue from the sale will be retained internally and a part is planned to be returned to the unitholders immediately.

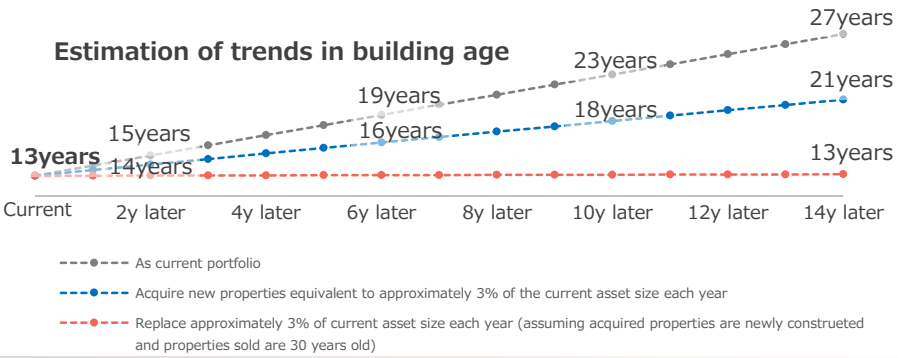
Change in expected distribution per unit



2 Strengthening internal growth

- Maximize NCF and control future downside risks by disposing assets at this time after comprehensively considering the prospects for future profitability based on the age of the property, the size and location of the property and current trends in the real estate trading market.

Estimation of trends in building age



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Strategy

Continue and promote replacement

Expected to replace approximately 10% of total assets over the next 3 years

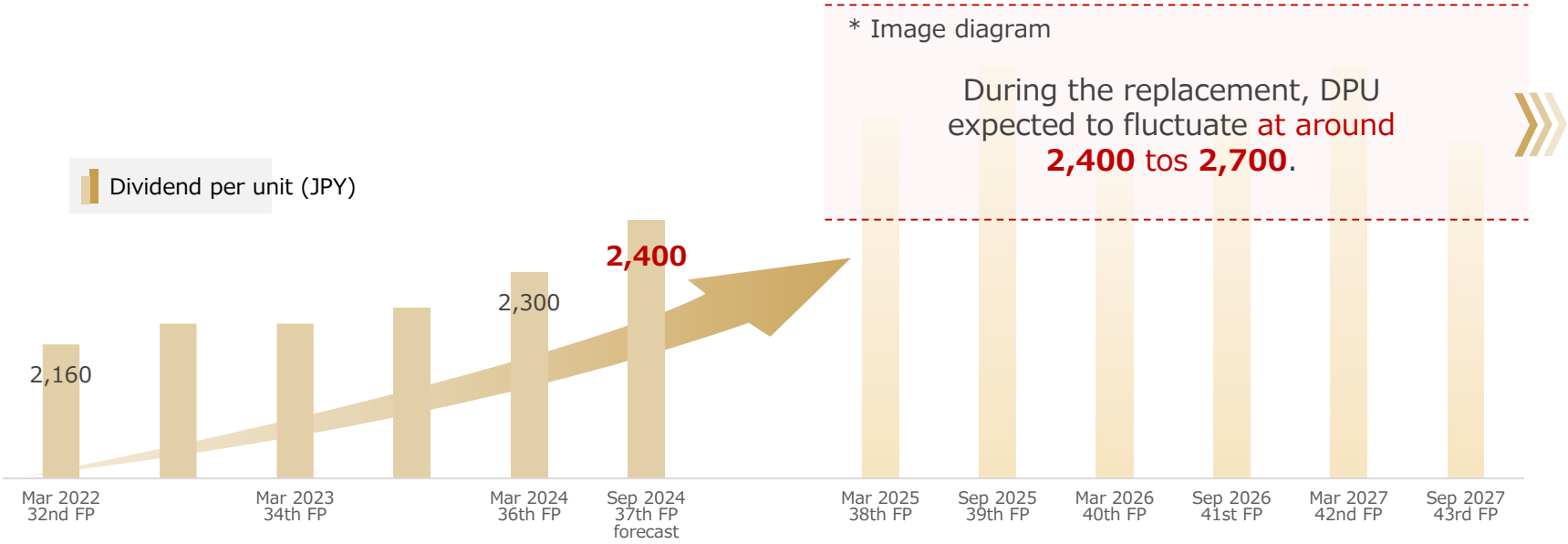
Realization of unrealized gains

JPY 106.1 billion

Maintaining and improving portfolio quality

Increase in dividends

Strengthening internal growth potential



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Overview of the assets to be acquired

N-stage Gyotoku II





Location	Ichikawa, Chiba
Scheduled acquisition date	Aug 2, 2024
Anticipated acquisition price	JPY 2,572 million
Appraisal value	JPY 2,630 million
Completion	May 31, 2017
Number of leasable units	91
Occupancy rate (as end of Apr 2024)	98.2%
Appraisal NOI yeild	4.1%

- The property is a condominium building completed in May 2017, situated an 8-minute walk from Tokyo Metro Tozai Line "Gyotoku" Station.
- The 6-story reinforced concrete building consists of 80 1K units, 10 1LDK units, and store.

N-stage Yamato





Location	Yamato, Kanagawa
Scheduled acquisition date	Aug 2, 2024
Anticipated acquisition price	JPY 2,136 million
Appraisal value	JPY 2,180 million
Completion	Jan 31, 2018
Number of leasable units	114
Occupancy rate (as end of Apr 2024)	98.3%
Appraisal NOI yeild	4.2%

- The property is a condominium building completed in January 2018, situated a 6-minute walk from "Yamato" Station on the Odakyu Enoshima Line and Sotetsu Main Line.
- The 7-story reinforced concrete building consists of 114 1K units.

N-stage Ichikawakonodai

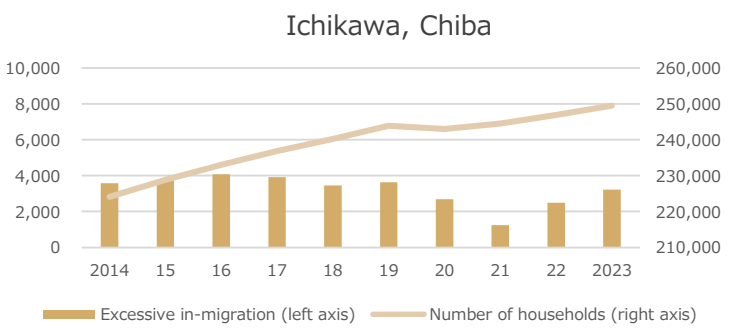




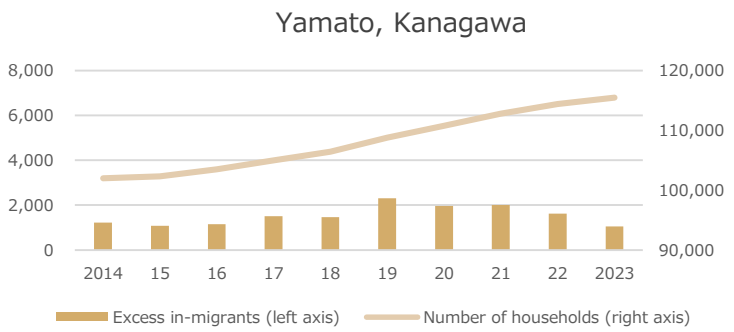
Location	Ichikawa, Chiba
Scheduled acquisition date	Aug 2, 2024
Anticipated acquisition price	JPY 1,911 million
Appraisal value	JPY 1,990 million
Completion	Oct 1, 2018
Number of leasable units	101
Occupancy rate (as end of Apr 2024)	98.1%
Appraisal NOI yeild	4.3%

- The property is a condominium building completed in October 2018, situated a 1-minute walk from "Konodai" Station on the Keisei Main Line.
- The 12-story and 1 basement floor reinforced concrete building consists of 99 1K units, and 2store.

Changes in the number of households and excess household in-migrants



The number of **households increasing** in both cities.



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Notes

Unless otherwise indicated, all figures in this document are rounded down to the nearest whole number, and percentages are rounded to the nearest whole number.

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1. “Studio type” refers to residences in the 1R, 1K, 1DK, and 1LDK layouts. “Family type” refers to residences in the 2K, 2DK, 2LDK, and above layouts. If there are multiple types of residences are mixed in one building, they are classified as belonging to the type with the largest number of units.
2. Anticipated acquisition price does not include acquisition expenses, adjustments to property tax and city planning tax, and consumption tax and local consumption tax. The same applies hereinafter
3. The name of the properties will be changed from “N-stage Gyotoku II” to “Gran Casa Gyotoku,” from “N-stage Yamato” to “Gran Casa Yamato,” and from “N-stage Ichikawakonodai” to “Gran Casa Ichikawa Konodai” on August 2, 2024.
4. The seller of this transaction is not disclosed as consent has not been obtained. The company in question is not an "interested party" under the Enforcement Order of the Investment Trust and Investment Corporation Law, nor is it an "interested party" under the Rules on Transactions with Interested Parties, which are the internal regulations of the asset management company.
5. There is no intermediary in the Acquisition.
6. The anticipated disposition price excludes disposition-related costs, fixed asset tax and city planning tax adjustments and national and local consumption taxes; the same shall apply hereinafter.
7. The transfer of the assets to be transferred is to the same transferee based on a single purchase and sale agreement. The planned transfer price is also agreed based on a single purchase and sale agreement, and since the transferee has requested as an essential condition of the transfer that the planned transfer price for each property not be disclosed, only the planned transfer price for the total of the four properties is stated. The planned transfer price for each property exceeds the book value and appraisal value as of the end of March 2024.
8. The estimated gain on transfer is the estimated amount as of the date of this document and may differ from the actual amount.
9. The transferee in the Disposition is not disclosed, as its consent has not been obtained. The transferee, which is a corporation, does not fall under the category of “interested party, etc.” under the Enforcement Order of the Law Concerning Investment Trusts and Investment Corporations, nor does it fall under the category of “interested party, etc.” as stipulated in the Rules for Transactions with Interested Persons, which are the internal rules of the Asset Manager.
10. The intermediary of the Disposition does not correspond to the interested party.
11. "Expected distribution per unit" is an estimate as of the date of this document. The actual distribution per unit is subject to change. The forecast is not a guarantee of the distribution amount.
12. "Changes in age of buildings" are estimated based on asset size and age of buildings with March 31, 2024 as the base date.

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1. Future "Dividend per unit" is an estimate as of the date of this document. The actual distribution per unit is subject to change. The forecast is not a guarantee of the distribution amount.
2. Realization of unrealized gains are as of March 31, 2024.

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1. "Changes in the number of households and excess household in-migrants" was prepared by the Asset Management Company based on data released by Ichikawa City and Yamato City.

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