大和証券リビング投資法人
Daiwa Securities Living Investment Corporation

January 22, 2025

To All Concerned Parties

REIT Issuer: Daiwa Securities Living Investment Corporation
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(Securities Code: 8986)
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Notice Concerning Disposition of Domestic Real Estate (Rental Housing 2 Properties)

Daiwa Securities Living Investment Corporation. (hereinafter referred to as the "Investment Corporation") hereby announces that Daiwa Real Estate Asset Management Co. Ltd. (hereinafter referred to as the "Asset Manager"), the asset manager of the Investment Corporation, has resolved to dispose the following properties (hereinafter referred to as the "Transaction"). Details are provided below.

I. General Outline of the Transaction

A general outline of the properties to be disposed is detailed in the table below. On January 22, 2025, the Investment Corporation has concluded a sale agreement with the transferee for the disposition of properties to be disposed of, and the disposition is scheduled to take place on April 2, 2025.

No.	Name of property (Location)	Book value (as of the end of September 2024) (A) (JPY thousand)	Appraisal value (as of the end of September 2024) (B) (JPY thousand)	Difference between book value and appraisal value (B) - (A) (JPY thousand)	Anticipated disposition Price (JPY thousand) (Note1)	Profit or Loss on Transfer (JPY thousand) (Note2)	Transferee
1	willDo Okayamaeki Nishiguchi (Okayama, Okayama)	859,310	1,360,000	500,689	1,440,000	524,724	Fuyo General Lease Co., Ltd.
2	willDo Okayamadaiku (Okayama, Okayama)	819,749	1,210,000	390,250	1,260,000	390,640	
	Total	1,679,059	2,570,000	890,940	2,700,000	915,364	

(Note 1) 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.
(Note 2) The profit or loss on transfer is a reference figure calculated as the difference between the anticipated disposition price, book value (as of the end of September 2024) and disposition-related expenses at the time, and may differ from the actual profit or loss on transfer.
(Note 3) The intermediary of the Disposition does not correspond to the interested party.
(Note 4) Amounts are rounded to the nearest unit and percentages are rounded to the first decimal place. Unless stated otherwise, the same applies hereinafter.

II. Reason for the Transaction

Based on the asset management objectives and policies set forth in the Investment Corporation Agreement, the Investment Corporation conducts business to ensure the steady growth of assets under management and stable earnings over the medium to long term.

The properties to be disposed have been selected after comprehensively considering the prospects for the future profitability, size and location of the properties and current trends in the real estate sales market, among other factors. The decision has been made to proceed with the Transaction since the total price offered by the transferee for the properties to be disposed exceeded the most recent book values and real estate appraisal values; hence the Transaction would enhance investors value.

【Individual Reasons for the Disposition】

No.	Name of property	Location	Building age (Note)	Percentage of portfolio (appraisal value base) (Note)	Reasons for the Transaction
1	willDo Okayamaeki Nishiguchi	Okayama, Okayama	17.0 years	0.3%	・To improve portfolio quality by achieving an uniform distribution of the portfolio's building age.
2	willDo Okayamadaiku	Okayama, Okayama	16.6 years	0.2%	・To improve portfolio quality by achieving an uniform distribution of the portfolio's building age.

(Note) Based on September 30, 2024.

III. Details of the Transaction

Unless otherwise noted, information on the date of appraisal regarding the appraisal value, lease and guarantee deposits and total leased area is as of September 30, 2024, and information on the total rental revenue indicates that for the fiscal period ended September 30, 2024.

Name of Property (Property No.)		willDo Okayamaeki Nishiguchi (O-7-068)				
Type of Asset		Real estate				
Type of Ownership		Proprietary ownership				
Location		11-17, Showacho, Kita-ku, Okayama-shi, Okayama				
Use		Condominium, Retail				
Constructed		September 13, 2007				
Appraisal Value		1,360,000 thousand yen				
Appraiser		Tanizawa Sogo Appraisal Co., Ltd.				
Details of Lease						
	Number of Tenants	1				
	Total Rental Revenue	46,231 thousand yen				
	Lease Deposits and Guarantee Deposits	5,782 thousand yen				
	Total Leasable Area	3,794.40 m^2				
	Total Leased Area	3,767.10 m^2				
Changes in Occupancy Rate		May 2024	Jun 2024	Jul 2024	Aug 2024	Sep 2024
		96.8%	96.4%	98.9%	99.3%	99.3%

Name of Property (Property No.)		willDo Okayamadaiku (O-7-087)				
Type of Asset		Real estate				
Type of Ownership		Proprietary ownership				
Location		3-1-4, Daiku, Kita-ku, Okayama-shi, Okayama				
Use		Condominium				
Constructed		March 11, 2008				
Appraisal Value		1,210,000 thousand yen				
Appraiser		Tanizawa Sogo Appraisal Co., Ltd.				
Details of Lease						
	Number of Tenants	1				
	Total Rental Revenue	39,671 thousand yen				
	Lease Deposits and Guarantee Deposits	3,876 thousand yen				
	Total Leasable Area	3,446.94 m^2				
	Total Leased Area	3,224.63 m^2				
Changes in Occupancy Rate		May 2024	Jun 2024	Jul 2024	Aug 2024	Sep 2024
		95.4%	92.1%	94.2%	93.6%	93.6%

IV. Profile of the Counterparty

(1)	Company name	Fuyo General Lease Co.,Ltd.
(2)	Location	Sumitomo Fudosan Kojimachi Garden Tower, 5-1-1 Kojimachi, Chiyoda-ku, Tokyo
(3)	Title and name of representative	President and CEO, Hiroaki Oda
(4)	Description of business	Provision of leasing and financing services for corporate clients and various solutions in the following business fields ・Real estate ・Aircraft ・Energy & Environment ・BPO/ICT ・Healthcare ・Mobility & Logistics ・Circular Economy ・Others
(5)	Amount of capital	JPY 10,532 million
(6)	Sales amount	JPY 708,538 million
(7)	Date of incorporation	May 1, 1969
(8)	Net assets	JPY 477,326 million
(9)	Total assets	JPY 3,390,324 million
(10)	Major shareholders	Hulic Co., Ltd. (13.96%), The Master Trust Bank of Japan, Ltd. (9.06%), Meiji Yasuda Life Insurance Company (8.46%), etc.
(11)	Relationship between the seller and the Investment Corporation/Asset Manager	
	Capital relationship	There is no capital relationship required to be disclosed between the Investment Corporation/Asset Manager and the transferee. In addition, there is no capital relationship required to be disclosed between the affiliated parties and the affiliated companies of the Investment Corporation/Asset Manager and the affiliated parties and the affiliated companies of the transferee.
	Personnel relationship	There is no personnel relationship required to be disclosed between the Investment Corporation/Asset Manager and the transferee. In addition, there is no personnel relationship required to be disclosed between the affiliated parties and the affiliated companies of the Investment Corporation/Asset Manager and the affiliated parties and the affiliated companies of the transferee.
	Business relationship	There is no business relationship required to be disclosed between the Investment Corporation/Asset Manager and the transferee. In addition, there is no business relationship required to be disclosed between the affiliated parties and the affiliated companies of the Investment Corporation/Asset Manager and the affiliated parties and the affiliated companies of the transferee.
	Status of classification as related party	The transferee is not classified as related party with Investment Corporation/Asset Manager.

V. Schedule of the Transaction

- Decision of disposition and conclusion of disposition agreement: January 22, 2025
- Receipt and delivery: April 2, 2025

VI. Settlement Method

A lump-sum settlement shall be made at the time of the disposition.

VII. Forecasts

This transaction will have no impact on the operating forecast for the fiscal period ending March 2025 (38th fiscal period), as the scheduled disposition date is April 2, 2025. Furthermore, in the fiscal period ending September 2025 (39th fiscal period), a gain on the disposition of real estate properties of JPY 915 million is expected to be recorded. However, the forecast for the operational status and distribution for that period is currently under review and will be announced once the conditions are finalized.

VIII. Summary of Appraisal Report

Property Name	willDo Okayamaeki Nishiguchi
Appraisal Value	JPY 1,360,000,000
Appraiser	Tanizawa Sogo Appraisal Co., Ltd.
Date of Appraisal	September 30, 2024

Item			Details	Overview, etc.
Value indicated by income approach		JPY thousand	1,360,000	-
Value indicated by the Direct Capitalization Method		JPY thousand	1,390,000	-
(1) Total Operating Income: (a)-(b)		JPY thousand	94,233	-
(a)	Rental revenues including common service fees	JPY thousand	94,326	Rental revenues: Income earned continuously by renting or outsourcing the management of all or only rental units of the property concerned (assuming full occupancy) Common service fees: Among the expenses continuously required in the maintenance and operation of the property concerned, income collected based on a contract with a lessee as charges for common areas (assuming full occupancy)
	Parking fees	JPY thousand	1,216	Income earned by renting the parking lots included on the property concerned to its tenants, etc. and income earned through hourly rental of parking lots (assuming full occupancy)
	Other revenues	JPY thousand	1,701	Key money, antenna installation fees, etc. are recorded as Other revenues.
(b)	Losses from vacancies	JPY thousand	3,011	Amounts reduced from each type of income based on the forecasts for vacancies, replacement periods, etc.
	Bad debt losses	JPY thousand	-	Not recorded as it is secured by deposit, etc.
(2) Total Operating Expenses		JPY thousand	22,802	-
Operation costs		JPY thousand	2,316	Expenses continuously required for the maintenance and management of the property concerned, including management of the building and facilities, security and safety, and cleaning
Utilities		JPY thousand	3,870	Assessment based on actual results, etc.
Repairs and maintenance expense		JPY thousand	5,545	Assessed figures based on ER and similar cases, assuming that 70% are classified as Capital Expenditure and remaining 30% as Repairs and maintenance expense.
Property management fees		JPY thousand	1,699	Recorded based on the PM contract and others.
Tenant promotion fees, etc.		JPY thousand	1,547	Recorded based on the assumption that 25.0% of residential tenants and 5.0% of commercial tenants are replaced annually.
Taxes and public dues		JPY thousand	6,071	(Land) Recorded based on the FY2024 tax documents. (Buildings, etc.) Recorded based on the FY2024 tax documents. (Depreciable assets) Recorded based on the FY2024 tax documents.
Nonlife insurance		JPY thousand	338	Recorded based on the insurance premium list.
Other expenses		JPY thousand	1,413	Internet usage fees, etc. are recorded as Other expenses.
(3) Net Operating Income (NOI): (1)-(2)		JPY thousand	71,430	-
(4) Lump-sum Investment Return		JPY thousand	61	Investment income is appraised assuming an investment yield of 1.0%.
(5) Capital Expenditure		JPY thousand	6,110	Assessed figures based on ER and similar cases, assuming that 70% are classified as Capital Expenditure and remaining 30% as Repairs and maintenance expense.
(6) Net Cash Flow (NCF): (3) + (4) - (5)		JPY thousand	65,382	-
(7) Capitalization Rate		(%)	4.7	Assessment conducted by comparing multiple transaction yields in similar regions and considering the forecast of future net income fluctuations.
Value Indicated by DCF Method		JPY thousand	1,350,000	-
Discount Rate		(%)	4.8	Assessed through comparison to transactions of similar properties and the yield on financial assets, taking into account the individual characteristics of real estate.
Terminal Capitalization Rate		(%)	4.9	Assesed by taking into account future uncertainties and other factors to the Capitalization rate.
Value indicated by cost approach		JPY thousand	1,250,000	-
Land Ratio		(%)	35.5	-
Property Ratio		(%)	64.5	-

Other items of note by appraiser	None

大和証券リビング投資法人
Daiwa Securities Living Investment Corporation

Property Name	willDo Okayamadaiku
Appraisal Value	JPY 1,210,000,000
Appraiser	Tanizawa Sogo Appraisal Co., Ltd.
Date of Appraisal	September 30, 2024

Item				Details	Overview, etc.
Value indicated by income approach				1,210,000	-
Value indicated by the Direct Capitalization Method				1,230,000	-
(1) Total Operating Income: (a)-(b)				84,728	-
	(a)	Rental revenues including common service fees	JPY thousand	84,463	Rental revenues: Income earned continuously by renting or outsourcing the management of all or only rental units of the property concerned (assuming full occupancy) Common service fees: Among the expenses continuously required in the maintenance and operation of the property concerned, income collected based on a contract with a lessee as charges for common areas (assuming full occupancy)
		Parking fees	JPY thousand	1,404	Income earned by renting the parking lots included on the property concerned to its tenants, etc. and income earned through hourly rental of parking lots (assuming full occupancy)
		Other revenues	JPY thousand	2,520	Key money, antenna installation fees, etc. are recorded as Other revenues.
	(b)	Losses from vacancies	JPY thousand	3,659	Amounts reduced from each type of income based on the forecasts for vacancies, replacement periods, etc.
		Bad debt losses	JPY thousand	-	Not recorded as it is secured by deposit, etc.
(2) Total Operating Expenses			JPY thousand	21,521	-
	Operation costs		JPY thousand	2,114	Expenses continuously required for the maintenance and management of the property concerned, including management of the building and facilities, security and safety, and cleaning
	Utilities		JPY thousand	3,888	Assessment based on actual results, etc.
	Repairs and maintenance expense		JPY thousand	4,881	Assessed figures based on ER and similar cases, assuming that 70% are classified as Capital Expenditure and remaining 30% as Repairs and maintenance expense.
	Property management fees		JPY thousand	1,509	Recorded based on the PM contract and others.
	Tenant promotion fees, etc.		JPY thousand	1,466	Recorded based on the assumption that 25.0% of residential tenants are replaced annually.
	Taxes and public dues		JPY thousand	5,811	(Land) Recorded based on the FY2024 tax documents. (Buildings, etc.) Recorded based on the FY2024 tax documents. (Depreciable assets) Recorded based on the FY2024 tax documents.
	Nonlife insurance		JPY thousand	325	Recorded based on the insurance premium list.
	Other expenses		JPY thousand	1,525	Internet usage fees, etc. are recorded as Other expenses.
(3) Net Operating Income (NOI): (1)-(2)			JPY thousand	63,207	-
(4) Lump-sum Investment Return			JPY thousand	41	Investment income is appraised assuming an investment yield of 1.0%.
(5) Capital Expenditure			JPY thousand	5,460	Assessed figures based on ER and similar cases, assuming that 70% are classified as Capital Expenditure and remaining 30% as Repairs and maintenance expense.
(6) Net Cash Flow (NCF): (3) + (4) - (5)			JPY thousand	57,789	-
(7) Capitalization Rate			(%)	4.7	Assessment conducted by comparing multiple transaction yields in similar regions and considering the forecast of future net income fluctuations.
Value Indicated by DCF Method			JPY thousand	1,200,000	-
Discount Rate			(%)	4.8	Assessed through comparison to transactions of similar properties and the yield on financial assets, taking into account the individual characteristics of real estate.
Terminal Capitalization Rate			(%)	4.9	Assesed by taking into account future uncertainties and other factors to the Capitalization rate.
Value indicated by cost approach			JPY thousand	1,160,000	-
Land Ratio			(%)	40.0	-
Property Ratio			(%)	60.0	-

Other items of note by appraiser	None

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

End

(Additional Material) Overview of the Portfolio accompanying the Transaction

<Number of properties, etc.>

	Properties owned as of today (a)	Assets to be disposed (b)	Other assets to be disposed (c)	(a) - (b) - (c)
Total number of properties	249 properties	2 properties	3 properties	244 properties
Total number of leasable units	18,632 units	207 units	216 units	18,209 units
Total leasable area	765,983.37 m^2	7,241.34m^2	8,292.11m^2	750,449.92 m^2

(Note) This means the assets to be transferred in the "Notice Concerning Disposition of Domestic Real Estate (Rental Housing 3 Properties)" released on December 20, 2024. (The same applies hereinafter.)

<Asset size, etc.>

	Properties owned as of today (a)	Assets to be disposed (b)	Other assets to be disposed (c)	(a) - (b) - (c)
Total (anticipated) acquisition price	JPY 399.3 billion	JPY 2.2 billion	JPY 2.1 billion	JPY 395.0 billion
Appraisal value	JPY 491.9 billion	JPY 2.5 billion	JPY 3.0 billion	JPY 486.3 billion

(Note 1) "Total (anticipated) acquisition price is calculated based on the (anticipated) acquisition price.
(Note 2) The appraised value includes the appraised value as of September 1, 2024, for Gran Casa Higashinakano and Gran Casa Ayase, and as of September 30, 2024, for other properties among the "Properties owned as of today."

<Amount and rate of investment by type (based on anticipated acquisition price) >

	Properties owned as of today (a)	Assets to be disposed (b)	Other assets to be disposed (c)	(a) - (b) - (c)
Studio	JPY 207.7 billion (52.0%)	JPY 2.2 billion	JPY 1.7 billion	JPY 203.7 billion (51.6%)
Family	JPY 81.5 billion (20.4%)	-	JPY 0.3 billion	JPY 81.1 billion (20.5%)
Healthcare	JPY 110.1 billion (27.6%)	-	-	JPY 110.1 billion (27.9%)

End