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

February 19, 2025

To All Concerned Parties

REIT Issuer: Daiwa Securities Living Investment Corporation
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Tetsuo Akuzawa, Executive Director
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# Notice Concerning Disposition of Domestic Real Estate (Bonheur Tokiwa)

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 property (hereinafter referred to as the "Transaction"). Details are provided below.

## I. General Outline of the Transaction

A general outline of the property to be disposed is detailed in the table below. On February 19, 2025, the Investment Corporation has concluded a sale agreement with the transferee for the disposition of property to be disposed of, and the disposition is scheduled to take place on April 25, 2025.

| 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 |
|---|---|---|---|---|---|---|
| Bonheur Tokiwa (Saitama, Saitama) | 761,956 | 947,000 | 185,043 | 1,000,000 | 195,149 | Tokyo Tatemono Real Estate Sales Co.,Ltd. |

(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 property to be disposed have been selected after comprehensively considering the prospects for the future profitability, size and location of the property 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 property to be disposed exceeded the most recent book values and real estate appraisal values; hence the Transaction would enhance investors value.

## 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.) | | Bonheur Tokiwa (F-4-010) | | | | |
| Type of Asset | | Real estate | | | | |
| Type of Ownership | | Proprietary ownership | | | | |
| Location | | 10-8-5, Tokiwa, Urawa-ku, Saitama-shi, Saitama | | | | |
| Use | | Condominium, Retail | | | | |
| Constructed | | February 29, 1988 | | | | |
| Appraisal Value | | 947,000 thousand yen | | | | |
| Appraiser | | Japan Real Estate Institute | | | | |
| Details of Lease | | | | | | |
| | Number of Tenants | 1 | | | | |
| | Total Rental Revenue | 30,593 thousand yen | | | | |
| | Lease Deposits and Guarantee Deposits | 6,667 thousand yen | | | | |
| | Total Leasable Area | 1,951.89 $m^2$ | | | | |
| | Total Leased Area | 1,895.38 $m^2$ | | | | |
| Changes in Occupancy Rate | | May 2024 | Jun 2024 | Jul 2024 | Aug 2024 | Sep 2024 |
| | | 97.1% | 97.1% | 97.1% | 97.1% | 97.1% |

IV. Profile of the Counterparty

| | | |
|---|---|---|
| (1) | Company name | Tokyo Tatemono Real Estate Sales Co.,Ltd. |
| (2) | Location | 1-5-20 Yaesu, Chuo-ku, Tokyo |
| (3) | Title and name of representative | Representative Director, President and Chief Executive Officer Kenji Sugaya |
| (4) | Description of business | Real estate Brokerage, Real estate investments, Property management |
| (5) | Amount of capital | JPY 4,300 million |
| (6) | Sales amount | JPY 41,560 million |
| (7) | Date of incorporation | May 17, 1980 |
| (8) | Net assets | JPY 32,948 million |
| (9) | Total assets | JPY 65,169 million |
| (10) | Major shareholders | Tokyo Tatemono Co., Ltd. (100%) |
| (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: February 19, 2025
- Receipt and delivery: April 25, 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 25, 2025. Furthermore, in the fiscal period ending September 2025 (39th fiscal period), a gain on the disposition of real estate property of JPY 1,110 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 | Bonheur Tokiwa |
| Appraisal Value | JPY 947,000,000 |
| Appraiser | Japan Real Estate Institute |
| Date of Appraisal | September 30, 2024 |

| Item | | | Details | Overview, etc. |
|---|---|---|---|---|
| Value indicated by income approach | | JPY thousand | 947,000 | - |
| Value indicated by the Direct Capitalization Method | | JPY thousand | 953,000 | - |
| (1) Total Operating Income: (a)-(b) | | JPY thousand | 56,954 | - |
| (a) | Rental revenues including common service fees | JPY thousand | 54,547 | Appraised based on the unit price level of rent, etc. that can be stably received over the medium to long term. |
| (a) | Parking fees | JPY thousand | 3,613 | Appraised based on the unit price level of royalty fees that can be stably received over the medium to long term. |
| (a) | Other revenues | JPY thousand | 1,739 | Recorded key money, renewal fees, and utility pole site fees, etc. are recorded as Other revenues. |
| (b) | Losses from vacancies | JPY thousand | 2,945 | Appraised based on the assumption of a stable mid- to long-term occupancy rate level. |
| (b) | Bad debt losses | JPY thousand | - | Judged not to need to be recorded in consideration of the lessee's situation and other factors. |
| (2) Total Operating Expenses | | JPY thousand | 13,396 | - |
| Operation costs | | JPY thousand | 1,816 | Recorded with reference to the actual amounts in past fiscal years and maintenance costs of similar properties, and taking into consideration the individual characteristics of the subject property. |
| Utilities | | JPY thousand | 1,100 | Recorded with reference to actual amounts from previous years and taking into account utilities costs of similar properties, individual characteristics of the subject property, etc. |
| Repairs and maintenance expense | | JPY thousand | 3,511 | The amount was recorded by taking into account the actual amount in past fiscal years, the level of similar properties, and the annual average amount of repair and renewal expenses in the engineering report, etc. |
| Property management fees | | JPY thousand | 1,548 | The fee is recorded with reference to the fee rate based on the contract conditions, etc., and taking into consideration the fee rate at similar properties, the individual characteristics of the subject property, etc. |
| Tenant promotion fees, etc. | | JPY thousand | 1,244 | Appraisal based on contract terms, leasing terms of similar properties, etc. |
| Taxes and public dues | | JPY thousand | 3,333 | (Land) Allocation is based on tax and public dues data, burden adjustment measures, etc.<br>(Buildings, etc.) Recorded based on data related to taxes and public dues.<br>(Depreciable assets) Recorded based on data related to taxes and public dues. |
| Nonlife insurance | | JPY thousand | 194 | Recorded in consideration of premiums based on insurance policies and premium rates for buildings similar to the subject building. |
| Other expenses | | JPY thousand | 650 | Internet usage fees, etc. are recorded as Other expenses. |
| (3) Net Operating Income (NOI): (1)-(2) | | JPY thousand | 43,558 | - |
| (4) Lump-sum Investment Return | | JPY thousand | 113 | Investment income is appraised assuming an investment yield of 1.0%. |
| (5) Capital Expenditure | | JPY thousand | 2,704 | Appraised, taking into account the level of capital expenditure of similar properties, the property age, and the average annual amount of repair and renewal expenses in the engineering report, etc. |
| (6) Net Cash Flow (NCF): (3) + (4) - (5) | | JPY thousand | 40,967 | - |

| | | | | |
|---|---|---|---|---|
| | (7) Capitalization Rate | (%) | 4.3 | Appraised after adding/subtracting the spread resulting from the subject property's location, building conditions, and other conditions, as well as taking into account future uncertainties and transaction yields on similar properties, etc. |
| Value Indicated by DCF Method | | JPY thousand | 940,000 | - |
| | Discount Rate | (%) | 4.1 | Appraised by comprehensively taking into account the individual characteristics of the subject property, etc., with reference to the investment cap rate, etc. of similar properties. |
| | Terminal Capitalization Rate | (%) | 4.4 | Appraised by comprehensively considering future trends of investment yields, riskiness of the subject property as an investment, general forecasts of future economic growth rates, and trends of real estate prices and rents, etc., with reference to the transaction yields of similar properties. |
| Value indicated by cost approach | | JPY thousand | 690,000 | - |
| | Land Ratio | (%) | 86.8 | - |
| | Property Ratio | (%) | 13.2 | - |

| | |
|---|---|
| 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 | 246 properties | 1 property | 2 properties | 243 properties |
| Total number of leasable units | 18,416 units | 29 units | 207 units | 18,180 units |
| Total leasable area | 757,691.26 $m^2$ | 1,951.89$m^2$ | 7,241.34$m^2$ | 748,498.03 $m^2$ |

(Note) This means the assets to be transferred in the "Notice Concerning Disposition of Domestic Real Estate (Rental Housing 2 Properties)" released on January 22, 2025. (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 397.2 billion | JPY 0.7 billion | JPY 2.2 billion | JPY 394.2 billion |
| Appraisal value | JPY 488.9 billion | JPY 0.9 billion | JPY 2.5 billion | JPY 485.3 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 206.0 billion (51.9%) | - | JPY 2.2 billion | JPY 203.7 billion (51.7%) |
| Family | JPY 81.1 billion (20.4%) | JPY 0.7 billion | - | JPY 80.4 billion (20.4%) |
| Healthcare | JPY 110.1 billion (27.7%) | - | - | JPY 110.1 billion (27.9%) |

End