

June 23, 2021

To All Concerned Parties

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Correction to Notice Concerning Acquisition of Asset (Gran Casa Itabashi EAST)

Daiwa Securities Living Investment Corporation announces the following correction of part of the “Notice Concerning Acquisition of Asset (Gran Casa Itabashi EAST)” announced on June 22, 2021. Corrections are underlined as below.

P4. X. Summary of Appraisal Report

(Before)

Property name		Gran Casa Itabashi EAST		
Appraisal value		989,000,000 yen		
Appraiser		DAIWA REAL ESTATE APPRAISAL CO.,LTD.		
Date of appraisal		June 1, 2021		
Item		Details	Outline, etc.	
Value indicated by income approach		JPY	989,000	—
Value indicated by the direct capitalization method		JPY	1,030,000	—
(1) Total Operating Income: (a) – (b)		JPY	47,800	—
(a)	Rental revenues including common service fees	JPY	47,904	Taking into account mid- to long-term competitiveness of the property based on the level and movements of new rents of similar properties in the same supply-demand area, posted assumed standardized revenues from the rental units and common service fees of the property.
	Parking fees	JPY	21	Taking into account assumed vacancy rates of such parking space of the property based on lease cases.
	Other revenues	JPY	1,312	Posted key money and other revenues by applying the number of months for each tenant based on assessed tenants change and vacancy rates. Renewal fee revenue was assessed and recorded, based on the consideration of renewal ratios and vacancy ratios.
	Losses from vacancies	JPY	1,437	Posted loss from vacant units, etc. by assessing vacancy rates in relation to revenues from rental units that are deemed to be stable over a mid- to long-term period, common service fees and parking space revenues and by taking into account competitiveness, etc. of the property based on standardized vacancy rates of similar properties.
	Bad debt losses	JPY	0	Not posted because bad debt losses are deemed to be secured by key money, etc.
(2) Total Operating Expenses		JPY	8,989	—
	Operation costs	JPY	2,472	Posted operation costs by assessing the level of operation costs for similar properties.
	Utilities	JPY	340	Posted utility costs by assessing the level of utility costs for similar properties.
	Repairs and maintenance expense	JPY	606	Posted repairs and maintenance expenses by assessing the level of repairs and maintenance expenses for similar properties. Assessed and posted tenant change costs, taking into account tenant change and vacancy rates.
	Property management fees	JPY	697	Posted property management fees by assessing the level of property management fees for similar properties.
	Tenant promotion fees, etc.	JPY	1,291	Posted secretarial costs associated with solicitation for new tenants for rental units and parking space by assessing the portion to which the assumed tenant change rate would apply, taking into account the level of secretarial costs associated with solicitation for new tenants of similar properties.
	Taxes and public dues	JPY	2,553	【Land】Assessed and posted Taxes and public dues by the tax registered book for fiscal year 2021. 【Property】Posted taxes and public dues, by assessing from a mid- to long-term perspective the assumed amount of taxes for the year which is 11 years after construction based on the replacement value of the planned building.
	Nonlife insurance	JPY	63	Assessed in reference to the level of non-life insurance premiums for similar properties.
	Other expenses	JPY	965	Posted internet expenses and miscellaneous expenses, etc. by assessing the level of these for similar properties.
(3) Net Operating Income (NOI): (1) – (2)		JPY	38,810	—

大和証券リビング投資法人

Daiwa Securities Living Investment Corporation

English Translation

The following is an English translation of the Japanese original press release and is being provided for information purposes only.

	(4) Lump-Sum Investment Return	JPY	35	By comprehensively taking into account the actual situation of investing lump sum paid, etc. from both investment and funding perspectives and assuming investment yields, posted an amount calculated by multiplying said assumed investment yields by an amount equivalent to assumed key money in custody, etc.
	(5) Capital Expenditure	JPY	811	Posted by assessing the level of renewal expenses for similar properties with taking into account assumed CM fees.
	(6) Net Cash Flow (NCF): (3) + (4) – (5)	JPY	38,033	—
	(7) Capitalization Rate	(%)	3.7	—
	Value indicated by DCF method	JPY	972,000	—
	Discount rate	(%)	3.5	Assessed the discount rate, taking into account discount rates used in transactions of similar properties, comparison with yields from other financial instruments and so forth.
	Terminal capitalization rate	(%)	3.9	Assessed terminal capitalization rate, taking into account factors such as the marketability of the property at the maturity of the holding period in relation to capitalization rate.
	Value indicated by cost approach	JPY	984,000	—
	Land ratio	(%)	67.0	—
	Property ratio	(%)	33.0	—
Other items of note by appraiser			None.	

(After)

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Appraiser		DAIWA REAL ESTATE APPRAISAL CO.,LTD.		
Date of appraisal		June 1, 2021		
Item		Details	Outline, etc.	
Value indicated by income approach		JPY thousand	989,000	
Value indicated by the direct capitalization method		JPY thousand	1,030,000	
(1) Total Operating Income: (a) – (b)		JPY thousand	47,800	
(a)	Rental revenues including common service fees	JPY thousand	47,904	Taking into account mid- to long-term competitiveness of the property based on the level and movements of new rents of similar properties in the same supply-demand area, posted assumed standardized revenues from the rental units and common service fees of the property.
	Parking fees	JPY thousand	21	Taking into account assumed vacancy rates of such parking space of the property based on lease cases.
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(2) Total Operating Expenses		JPY thousand	8,989	
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(3) Net Operating Income (NOI): (1) – (2)		JPY thousand	38,810	
(4) Lump-Sum Investment Return		JPY thousand	35	By comprehensively taking into account the actual situation of investing lump sum paid, etc. from both investment and funding perspectives and assuming

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