

# 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 Real Estate (Alpha Square Minami6jo) and Disposition of Domestic Trust Beneficiary Interests and Domestic Real Estate (Rental Housing 9 Properties and Healthcare Facility 8 Properties)”

“Notice Concerning Revision to Forecasts of Operating Results and Distribution for the Fiscal Period Ending September 2023 (35th Fiscal Period)”

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

September 11, 2023



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 Asset to be Acquired

| No. | Name of property       | Location          | Property type      | Anticipated acquisition price (JPY million) | Appraisal value (as of August 2023) (JPY million) | Scheduled acquisition date |
|-----|------------------------|-------------------|--------------------|---|---|----------------------------|
| 1   | Alpha Square Minami6jo | Sapporo, Hokkaido | Residence (Studio) | 1,610                                       | 1,650   | Sep 29, 2023               |

## General Outline of Assets to be Disposed

| No. | Name of property                   | Book value (as of the end of March 2023) (JPY million) | Anticipated disposition Price (JPY million) | Profit or Loss on Transfer (JPY million) | Scheduled disposal date |
|-----|------------------------------------|--|---|--|-------------------------|
| 1   | Palais d'or Maruyama               | 15,912   | 16,368                                      | 1,937                                    | Sep 29, 2023            |
| 2   | Sky Hills Sakaecho4                |  |   |  | Sep 27, 2023            |
| 3   | Dormy Chitose                      |  |   |  |                         |
| 4   | Turkey's Denen-Chofu No.2          |  |   |  |                         |
| 5   | MGA Kanamachi                      |  |   |  |                         |
| 6   | Gran Casa Gokiso                   |  |   |  |                         |
| 7   | Verger Hirakata                    |  |   |  |                         |
| 8   | Minna-no-ie Chuo-ku En'nami        |  |   |  |                         |
| 9   | Mumin Omiya-kita                   |  |   |  |                         |
| 10  | Sompo no ie Toyonaka-Minamisone    |  |   |  |                         |
| 11  | Nichii Care Center Fukushima Omori |  |   |  | Oct 2, 2023             |
| 12  | Sawayaka Obatake Sanbankan         |  |   |  |                         |
| 13  | Sawayaka Riverside Kurinoki        |  |   |  |                         |
| 14  | Sky Hills Takadai I                |  |   |  |                         |
| 15  | Colonnade Kasuga                   |  |   |  |                         |
| 16  | Alpha Living Okayama Korakuen      |  |   |  |                         |
| 17  | Gran Casa Daikan-Cho               |  |   |  | Oct 31, 2023            |

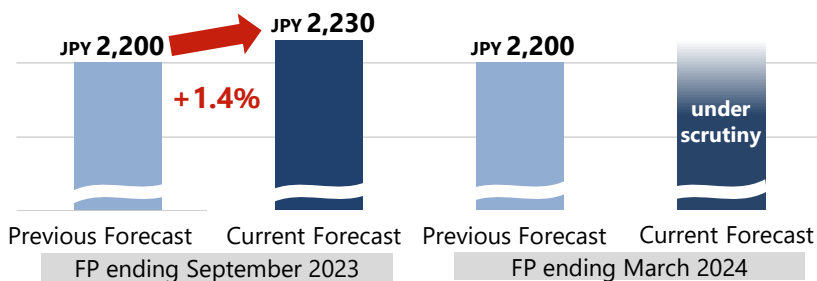
**Increased distribution, internal reserves, consideration of using for acquisition of new assets**

## Reason of the Disposition

### 1 Unrealized gains and returns to unitholders

- Asset disposal at the appropriate timing and price, and realization of unrealized gains as gain on the Disposition.  
【Anticipated gain on the Disposition】 FP ending September 2023: JPY787 million; FP ending March 2024: JPY1,149 million
- The gain on the Disposition is planned to be internally reserved in part, with the remaining amount to be distributed.  
The Disposition is scheduled to continue in the future, and considering a new policy for utilizing the gain expected to accrue from the sale and current retained earnings.

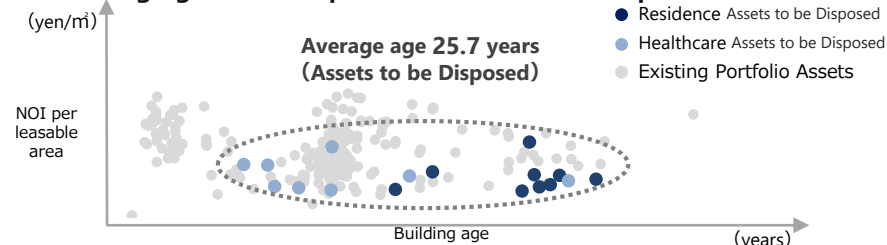
#### Change in expected distribution per unit



### 2 Reduction of future risks

- Controlling future downside risk by disposing assets at this point in time, based on comprehensive consideration of prospects for future profitability, property size and location, current real estate sales market trends, and other factors.
- Dispositions will be continued and aim to improve quality through replacements.

#### Building age and NOI per leasable area in the portfolio



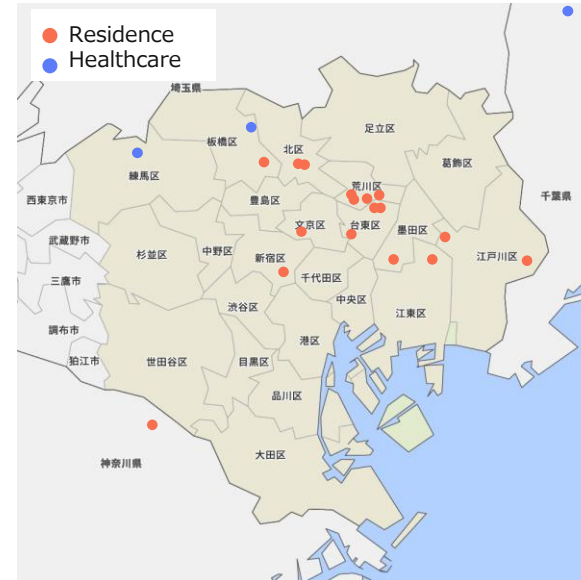
# Accumulating pipeline properties with sponsor support

## List of pipelines owned by the sponsor group

| Pipeline       |                               | Total <b>28 properties</b> <b>Approx. JPY 60 billion</b><br>(end of August 2023) |                      |
|----------------|-------------------------------|--|----------------------|
| Rental Housing | (temp) Esaka PJ               | Suita, Osaka   | Feb 2023 Completion  |
|                | (temp) Itabashihoncho PJ      | Itabashi-ku, Tokyo   |                      |
|                | (temp) Edogawabashi PJ        | Bunkyo-ku, Tokyo   |                      |
|                | (temp) Higashi-Ueno PJ        | Taito-ku, Tokyo  | May 2023 Completion  |
|                | (temp) Ojima PJ               | Koto-ku, Tokyo   | Jun 2023 Completion  |
|                | (temp) Mizonokuchi PJ         | Kawasaki, Kanagawa   | Aug 2023 Completion  |
|                | (temp) Namba PJ               | Osaka, Osaka   |                      |
|                | (temp) Bakuromachi PJ         | Osaka, Osaka   |                      |
|                | (temp) Oji PJ                 | Kita-ku, Tokyo   |                      |
|                | (temp)Takaide PJ              | Higashiosaka, Osaka  | Sep 2023 (Scheduled) |
|                | (temp) Minowa B PJ            | Taito-ku, Tokyo  | Oct 2023 (Scheduled) |
|                | (temp) Yotsuya PJ             | Shinjuku-ku, Tokyo   | Nov 2023 (Scheduled) |
|                | (temp) Ryogokumidori PJ       | Sumida-ku, Tokyo   |                      |
|                | (temp) Nishi-Kujo PJ          | Kyoto, Kyoto   |                      |
|                | (temp) Minowa A PJ            | Taito-ku, Tokyo  | Dec 2023 (Scheduled) |
|                | (temp) Minowa II PJ           | Arakawa-ku, Tokyo  |                      |
|                | (temp) Nippori PJ             | Arakawa-ku, Tokyo  |                      |
|                | (temp) Nipponbashi-Higashi PJ | Osaka, Osaka   |                      |
|                | (temp) Oji III PJ             | Kita-ku, Tokyo   | Jan 2024 (Scheduled) |
|                | (temp) Ishikawacho PJ         | Yokohama, Kanagawa   | Feb 2024 (Scheduled) |
|                | (temp) Minowa C PJ            | Arakawa-ku, Tokyo  | Jun 2024 (Scheduled) |
| Healthcare     | (temp) Machiya PJ             | Arakawa-ku, Tokyo  | Jan 2025 (Scheduled) |
|                | (temp) Hirai PJ               | Edogawa-ku, Tokyo  | May 2025 (Scheduled) |
|                | (temp) Mizue PJ               | Edogawa-ku, Tokyo  | Aug 2025 (Scheduled) |
|                | (temp) Tamanawa PJ            | Kamakura, Kanagawa   | Jun 2021 Completion  |
|                | (temp) Yahara PJ              | Nerima-ku, Tokyo   | Feb 2022 Completion  |
|                | (temp) Shimurasakaue PJ       | Itabashi-ku, Tokyo   | Dec 2022 Completion  |
|                | (temp) Kashiwa PJ             | Kashiwa, Chiba   | Jan 2024 (Scheduled) |

## Abundant pipeline located in major cities, centered on Tokyo's 23 wards

### Kanto Area (Details)



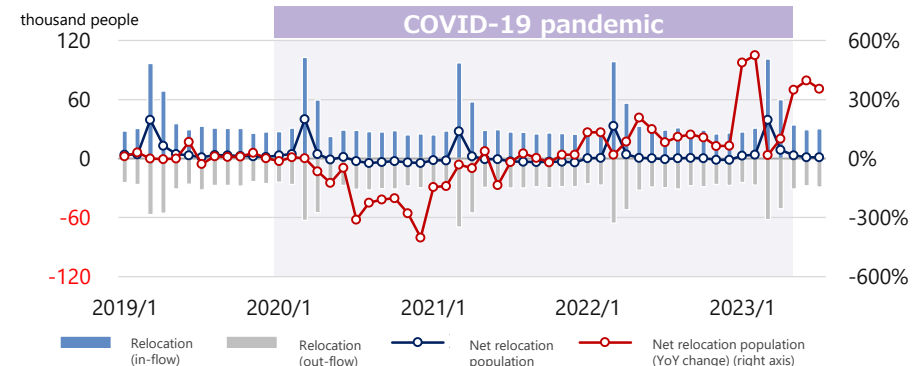
### Kanto Area (wide area)



### Kansai Area



## Population inflows in Tokyo are recovering as the city emerges from the COVID-19 pandemic



(Source) Prepared by the Asset Management Company based on the "Population Movement from Basic Resident Register" by the Statistics Bureau, Ministry of Internal Affairs and Communications/ National Statistics Center.

# Explanatory 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.

## 1頁

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 property will be changed from "Alpha Square Minami6jo" to "Gran Casa Minami6jo" on November 1, 2023.
4. The intermediary of the Acquisition does not correspond to the interested party.
5. 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.
6. The assets to be disposed, the disposal associated transfer price for the total of 17 properties is shown. Although some of the estimated transfer prices for each of the properties No. 2 through No. 17, which are single transactions, are below the book value and/or appraisal value as of March 31, 2023, the total estimated transfer prices for the 16 properties are all considerably above the total book value and the total appraisal value, and we believe that this condition We have determined that the transfer of the properties to be transferred in accordance with the terms of this agreement is in the best interest of the Investment Corporation's unitholders.
7. The profit or loss on transfer is a reference figure calculated as the difference between the anticipated disposition price, book value and disposition-related expenses at the time, and may differ from the actual profit or loss on transfer. The intermediary of the Disposition does not correspond to the interested party.
8. The intermediary of the Disposition does not correspond to the interested party.
9. The transferees in the Disposition are two domestic business corporations, and neither fall under the category of "interested party, etc." under the Enforcement Order of the Law Concerning Investment Trusts and Investment Corporations, nor do they 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 estimated gain on transfer is the estimated amount as of the date of this document and may differ from the actual amount.
11. NOI per leasable area in the portfolio is based on figures as of March 31, 2023.
12. The average age is calculated as the weighted average of the age of the properties to be disposed with a base date of August 31, 2023, weighted by the acquisition price of each property to be transferred.
13. The actual distribution per unit is subject to change. The forecast is not a guarantee of the distribution amount.

## 2頁

1. "Pipeline" means a portfolio consisting of properties owned or for which an acquisition agreement has been executed by a wholly-owned subsidiary of Daiwa Securities Group or a bridge fund in which Daiwa Securities Group or its subsidiary or a third party has invested or will invest (in the case of a development project in which a wholly-owned subsidiary of Daiwa Securities Group, a bridge fund or its investor is the client of the building construction, the right to the land for the development is owned or an agreement has been executed) and for which Daiwa Securities Group has the right of first consideration or first negotiation for acquisition. Total Pipeline" means the portfolio consisting of properties for which the Invest Corporation has the right of preferential consideration or preferential negotiation for acquisition, and "Total Pipeline Amount" means the total amount of the pipeline for all properties in the portfolio, including the amount of the acquisition cost of the properties, which is calculated based on the statement of intention to purchase submitted by the Invest Corporation or the amount of the acquisition costs of the properties that Invest Corporation has acquired from the bridge fund, which is a wholly owned subsidiary of Daiwa Securities Group, the bridge fund or its investors. The "Total Pipeline Amount" is based on the amount stated in the sales contracts, construction contracts and other agreements that have been executed by the Investment Corporation's wholly-owned subsidiaries, bridge funds or their investors. As of the date of this document, the acquisition of these properties by the Investment Corporation has not been determined, nor is there any guarantee that the Investment Corporation will be able to acquire the pipeline properties. Furthermore, if the acquisitions are made by the Investment Corporation there is no guarantee that the acquisitions can be made with the indicated amount.
2. The period from January 15, 2020, when the first COVID-19 case in Japan was confirmed, to May 8, 2023, when COVID-19 was categorized as a Class 5 infectious disease, is defined as the "COVID-19 pandemic."