

August 8, 2025

To All Concerned Parties

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Notice Concerning Disposition of Domestic Trust Beneficiary Interests **(Forest Hill SendaiAoba)**

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 “Disposition”). Details are provided below.

I. General Outline of the Disposition

A general outline of the property to be disposed of is detailed in the table below. On August 8, 2025, the Investment Corporation has concluded a sale agreement with the transferee for the Disposition, and the Disposition is scheduled to take place on December 19, 2025.

Name of property (Location)	Book value (as of the end of March 2025) (A) (JPY thousand)	Appraisal value (as of the end of March 2025) (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
Forest Hill SendaiAoba (Sendai, Miyagi)	2,464,885	2,860,000	395,114	2,930,000	352,465	Undisclosed (Note 3)

(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 March 2025) and disposition-related expenses at the time, and may differ from the actual profit or loss on transfer.

(Note 3) The transferee in the Disposition is not disclosed as the consent has not been obtained. The seller, the Investment 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 Prevention of Conflicts of Interest, which are the internal rules of the Asset Manager.

(Note 4) The intermediary of the Disposition does not correspond to the interested party.

(Note 5) 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 Disposition

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 Disposition 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 Disposition would enhance investors’ value.

III. Details of the Disposition

Unless otherwise noted, the information on the date of appraisal regarding the appraisal value, lease and guarantee deposits and total leased area is as of March 31, 2025, and the information on the total rental revenue indicates that for the fiscal period ended March 31, 2025.

Name of Property (Property No.)	Forest Hill SendaiAoba (O-2-137)				
Type of Asset	Trust beneficiary interests				
Type of Ownership	Proprietary ownership				
Location	5-1, Kawauchi Yodomibashi-Dori, Aoba-ku, Sendai, Miyagi				
Use	Condominium				
Constructed	March 8, 2007				
Appraisal Value	2,860,000 thousand yen				
Appraiser	DAIWA REAL ESTATE APPRAISAL CO., LTD.				
Details of Lease					
Number of Tenants	1				
Total Rental Revenue	90,667 thousand yen				
Lease Deposits and Guarantee Deposits	14,110 thousand yen				
Total Leasable Area	6,497.06 m ²				
Total Leased Area	6,394.74 m ²				
Changes in Occupancy Rate	Nov 2024	Dec 2024	Jan 2025	Feb 2025	Mar 2025
	92.1%	92.9%	91.3%	90.5%	98.4%

IV. Profile of the Counterparty

The information regarding the planned transferee for the Disposition, a domestic business entity, is not disclosed since the consent for the disclosure has not been obtained. The undisclosed company has no capital, personnel, or business relationships with the Investment Corporation/the Asset Manager and is not related parties of either the Investment Corporation or the Asset Manager.

In addition, the undisclosed company does not fall under the category of “interested party, etc.” under the Enforcement Order of the Law Concerning Investment Trusts and Investment Corporations, and the category of “interested party, etc.” as stipulated in the Rules for Prevention of Conflicts of Interest, which are the internal rules of the Asset manager.

V. Schedule of the Disposition

- Decision of disposition and conclusion of disposition agreement: August 8, 2025
- Receipt and delivery: December 19, 2025

VI. Settlement Method

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

VII. Forecasts

The Disposition will have no impact on the operating forecast for the fiscal period ending September 2025 (39th fiscal period), as the scheduled disposition date is December 19, 2025. The impact on the operating forecast for the fiscal period ending March 2026 (40th fiscal period) is currently under review and will be announced once the conditions including the above-mentioned events, have been determined.

VIII. Summary of Appraisal Report

Property Name				Forest Hill SendaiAoba		
Appraisal Value				JPY 2,860,000,000		
Appraiser				DAIWA REAL ESTATE APPRAISAL CO., LTD.		
Date of Appraisal				March 31, 2025		
Item				Details	Overview, etc.	
Value indicated by income approach			JPY thousand	2,860,000	-	
	Value indicated by the Direct Capitalization Method		JPY thousand	2,890,000	-	
	(1) Total Operating Income: (a)-(b)	JPY thousand	184,203	-		
		(a)	Rental revenues including common service fees	JPY thousand	190,858	Recorded based on the rent level of the current contract, the level of new rents of similar properties in the same demand/supply zone and their trends, and taking into account the subject property's competitiveness over the medium to long term.
			Parking fees	JPY thousand	7,296	Recorded based on the rent level of the current contract, surrounding lease cases and their trends, and taking into account the subject property's competitiveness over the medium to long term.
	Other revenues		JPY thousand	700	Recorded vending machine income, laundry income, electricity usage fees, antenna installation fees, etc.	
	(b)	Losses from vacancies	JPY thousand	14,650	Amounts reduced from each type of income based on the forecasts for vacancies, replacement periods, etc	
		Bad debt losses	JPY thousand	-	Bad debt loss is not posted due to acknowledgment that protection is provided by security deposits, etc.	
	(2) Total Operating Expenses		JPY thousand	42,353	-	
		Operation costs		JPY thousand	5,400	Recorded based on the verification of maintenance costs for similar properties.
		Utilities		JPY thousand	3,298	Recorded based on the verification of utility costs for similar properties and past results.
		Repairs and maintenance expense		JPY thousand	8,330	Recorded based on the verification of repair costs for similar properties.
		Property management fees		JPY thousand	3,670	Recorded based on the verification of PM fees for similar properties.
		Tenant promotion fees, etc.		JPY thousand	5,244	Recorded based on the tenant promotion fees for similar properties and past results.
		Taxes and public dues		JPY thousand	12,450	(Land) Recorded after assessment based on the actual tax amount, considering land price trends and burdened standard. (Buildings, etc.) Assessed and recorded based on the actual tax amount.
		Nonlife insurance		JPY thousand	696	Recorded the actual amount deemed appropriate.
		Other expenses		JPY thousand	3,263	Internet usage fees, etc. are recorded as other expenses.
	(3) Net Operating Income (NOI): (1)-(2)		JPY thousand	141,849	-	
	(4) Lump-sum Investment Return		JPY thousand	138	Investment income is appraised assuming an investment yield of 1.0%.	
	(5) Capital Expenditure		JPY thousand	9,274	Recorded based on the ER with the verification of capital expenditures for similar properties.	
	(6) Net Cash Flow (NCF): (3) + (4) - (5)		JPY thousand	132,714	-	
(7) Capitalization Rate		(%)	4.6	Assessed by considering various factors related to the location, building conditions, contract terms, and other conditions of the subject property, as well as referencing hearings from investors.		
Value Indicated by DCF Method			JPY thousand	2,840,000	-	
	Discount Rate		(%)	4.4	Assessed based on the discount rates associated with transactions of similar properties and comparisons with yields of other financial products.	
	Terminal Capitalization Rate		(%)	4.8	Assessed by considering the marketability of the subject property at the end of the holding period in relation to the capitalization rate.	
Value indicated by cost approach			JPY thousand	1,800,000	-	
	Land Ratio		(%)	44.2	-	
	Property Ratio		(%)	55.8	-	
Other items of note by appraiser				None		

(Additional Material) Overview of the Portfolio accompanying the Disposition

<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	243 properties	1 property	2 properties	240 properties
Total number of leasable units	18,261 units	252 units	121 units	17,888 units
Total leasable area	742,506.01 m ²	6,497.06m ²	2,970.43m ²	733,038.52 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 July 18, 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 399.1 billion	JPY 2.7 billion	JPY 1.0 billion	JPY 395.2 billion
Appraisal value	JPY 489.9 billion	JPY 2.8 billion	JPY 1.0 billion	JPY 486.0 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 February 1, 2025, for Gran Casa Sendai Bansui Dori, Serenite Nihonbashi Miracle and Gran Casa Kawaguchi Namiki, as of May 1, 2025, for Gran Casa Takaida, and as of March 31, 2025, for other properties.

<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 212.3 billion (53.2%)	JPY 2.7 billion	JPY 1.0 billion	JPY 208.5 billion (52.8%)
Family	JPY 79.7 billion (20.0%)	-	-	JPY 79.7 billion (20.2%)
Healthcare	JPY 106.9 billion (26.8%)	-	-	JPY 106.9 billion (27.1%)

End