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To All Concerned Parties

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Notice Concerning Acquisition of Asset (Splendide Kinshicho I)

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 acquire the asset (hereafter the “Asset to Be Acquired”) described below.

I. General Outline of the Acquisition

A general outline of the Asset to Be Acquired is detailed in the table below. As of March 22, 2023, the Investment Corporation has concluded real estate purchase agreements with the seller for the Asset to Be Acquired, which is scheduled for acquisition on April 3, 2023.

Name of property	Location	Property type (Note 1)	Anticipated acquisition price (A) (JPY thousand) (Note 2) (Note 3)	Appraisal value (as of Feb. 2023) (B) (JPY thousand) (Note 3)	Difference between anticipated acquisition price and appraisal value (B)-(A) (JPY thousand) ((A)/(B)) (Note 3)	Seller
Splendide Kinshicho I (Note 4)	Sumida-ku, Tokyo	Residence (Studio)	850,000	886,000	36,000 (95.9%)	Ookanda Kensetsu Co., Ltd.

(Note 1) Studio means residences with 1R, 1K, 1DK, or 1LDK.

(Note 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.

(Note 3) Amounts are rounded to the nearest unit and percentages are rounded to the first decimal place. Unless stated otherwise, the same applies hereinafter.

(Note 4) The name of the property will be changed to “Gran Casa Kinshicho” on May 1, 2023.

(Note 5) The intermediary of the Acquisition does not correspond to the interested party.

II. Reason for the Acquisition and Leasing

Based on the asset management objectives and policies set forth in the Investment Corporations Agreement, we have decided to acquire the Asset to Be Acquired in order to diversify and enhance the portfolio to achieve asset size growth and secure stable earnings.

The tenants of the Asset to Be Acquired meet the tenant selection criteria outlined in the Investment Corporation’s Management System Report dated December 21, 2022.

III. Details of Asset to Be Acquired and Leasing

The details of the Asset to Be Acquired are summarized in the following individual property tables. The description of the items mentioned in the individual property tables is as follows.

<Description of Items>

a. Explanation of Overview of Properties

1. “Location (residential indication)” is stated based on the residential indication in principle. Where residential indication is not shown, building location (if there is more than one, the location of one of the buildings) is shown in accordance with either the housing number indication or the registry (including the Registration Record; the same applies hereinafter).

2. “Form of ownership” for both Land and Building refers the type of rights held by the Investment Corporation for real estate and by the Trustee for real estate trust beneficiary interests.
3. “Zoning” for Land refers to the types of use districts stipulated by Item 1, Paragraph 1, Article 8 of the City Planning Act (Law No. 100 of 1968, including later amendments) (hereinafter referred to as the “City Planning Act”).
4. “Area” for Land is shown in accordance with the registry and may not correspond to the current reality.
5. “FAR” for Land refers to the ratio of the sum of the floor space of the building to the land area as stipulated in Article 52 of the Building Standards Act (Law No. 201 of 1950, including later amendments) (hereinafter referred to as the “Building Standards Act”), and the upper limit of floor-to-area ratio (designated floor-to-area ratio) as determined by city planning according to the use area. The designated floor-to-area ratio can be mitigated, increased, or reduced due to the width of roads connected to the site and other reasons, and may differ from the floor-to-area ratio that is actually in use.
6. “Building-to-land ratio” for Land shows the ratio of the building area to the land area as stipulated in Article 53 of the Building Standards Act, and the upper limit of building-to-land ratio (designated building-to-land ratio) as determined by city planning according to the use area. The designated building-to-land ratio can be mitigated, increased, or reduced due to fireproofed structures in a fire prevention districts and other factors, and may differ from the building-to-land ratio that is actually in use.
7. “Use” for Building refers to the building type recorded in the registry.
8. “Structure/Floors” for Building is based on records in the registry.
9. “Number of leasable units” (in the case of residence) indicates the number of units that can be leased as of February 28, 2023 for the Asset to Be Acquired.
10. “Number of leasable compartments” (in case of healthcare facilities) indicates the number of compartments of a building where a lease contract has been concluded, and includes retail stores, offices, etc., if any.
11. “Total floor area” for Building is based on records in the registry and does not include the floor area of annexed buildings.
12. “Construction completion” for Building refers to the date of completion recorded in the registry.
13. “Estimated emergency repair expenses,” “Estimated short-term repair expenses,” and “Estimated long-term repair expenses” are rounded down to the thousands, while ratios are rounded to the first decimal place.
14. “PML” data was acquired from Tokyo Marine dR Co., Ltd. in February 2023.
15. “Property manager” is the property management company entrusted with, or scheduled to be entrusted with the property management operations.
16. “Master lessee” is the party that has, or is scheduled to enter into a master lease agreement concerning the asset in question.
17. “Type of master lease” is either “Pass through” or “Guaranteed rent” “Pass through” is a master lease agreement where the master lessee passes on the rent equivalent to rent paid by the end tenant, and “Guaranteed rent” is a master lease agreement in which the master lessee pays a fixed rent.
18. “Real estate rent revenue” is the monthly rental income (rent, common service fee, parking lot income, etc.) rounded down to less than 1,000 yen based on the figures and information available as of February 28, 2023, of the Asset to Be Acquired.
19. “Lease and guarantee deposits, etc.” are the lease or guarantee deposits (residences, retail stores, offices, parking lots, etc.) rounded down to less than 1,000 yen based on the figures and information available as of February 28, 2023, of the Asset to Be Acquired.
20. “Leasable area” shows the leasable area of each of the Asset to Be Acquired as of February 28, 2023, excluding area used by storage spaces, parking spaces, custodian areas, signboards, vending machines, antennas and other spaces leased to the lessee in addition to their main use, or other areas leased for the maintenance and supervision of the relevant property (including loan for use). Furthermore, leasable area is calculated using the center line of the wall, and includes the meter boxes and pipe spaces allotted to each unit.
21. “Number of tenants” shows the leasable area of each of the Asset to Be Acquired as of February 28, 2023, and shall be one if a master lease agreement has been concluded with a master lessee.
22. “Total leased area” is the sum of the area leased through lease agreements with end tenants (however, in cases where properties are wholly leased to realtors through guaranteed rent agreements or where a master lessee wholly leases it to another company, lease agreements where properties are wholly leased to a lessee) at the Asset to Be Acquired that are in effect as of February 28, 2023.
23. “Occupancy rate” is the figure obtained by dividing the total leased area by the leasable area for the Asset to Be Acquired as of February 28, 2023, rounded down to the first decimal place.
24. The “Collateral” section denote if there is collateral to be borne by the Investment Corporation for the asset to be acquired, or if there is collateral to be borne after the acquisition.
25. The “Features” sections have been prepared based on the analyses of the Asset Manager and the appraisal reports of the real estate appraiser concerning the Asset to Be Acquired.
26. The “Special Notes” section denotes important factors upon considering the rights, appraisal values, the impact on profitability and disposability, etc., concerning the Asset to Be Acquired.

Overview of the Property				
Category of anticipated property for acquisition		Real Estate		
Scheduled acquisition price		JPY 850 million	Scheduled acquisition date	April 3, 2023
Appraisal value (appraisal date)		JPY 886 million (as of February 1, 2023)	Appraisal firm	Tanizawa Sogo Appraisal Co., Ltd.
Location (Residential indication)		4-4-16, Midori, Sumida-ku, Tokyo		
Access		Approximately 650 meters from Kikukawa Station on the Toei Subway Shinjuku Line Approximately 950 meters from Kinshicho Station on the JR Sobu Line and Tokyo Metro Hanzomon Line		
Land	Form of ownership	Ownership	Zoning	Commercial districts
	Area	193.29m ²	FAR/Building-to-land ratio	400%/80%
Building	Form of ownership	Ownership	Use	Condominium
	Structure/Floors	RC, 9-story building with flat roof	Number of leasable units	24 units
	Total floor area	895.57 m ²	Construction completion	August 2, 2021
Building engineer		Shinwa Construction. Co., Ltd.		
Constructor		Shinwa Construction. Co., Ltd.		
Building inspection agency		J Architecture Inspection Center (JAIC)		
Estimated emergency repair expenses		JPY 0 thousand	Estimated short-term repair expenses	JPY 0 thousand
Estimated long-term repair expenses		JPY 8,436 thousand	PML	5.9%
Property manager		Shinwa Construction. Co., Ltd.		
Master lessee		G.K. Japan Rental Housing	Type of master lease	Pass through
Overview of Leasing				
Real estate rent revenue		JPY 2,949 thousand		
Lease and guarantee deposits		JPY 0 thousand		
Total leasable area		740.48m ²	Number of tenants	1
Total leased area		682.03m ²	Occupancy rate	92.1%
Collateral		None		
Features				
<p>Site features: This property is a 1R/1DK condominium completed in August 2021, located an 8-minute walk from Kikukawa Station on the Toei Subway Shinjuku Line and a 12-minute walk from Kinshicho Station on the JR Sobu line. With good access to central Tokyo, this property is expected to have stable demand mainly from singles.</p> <p>Property features: The property is a 9-story reinforced concrete building, consisting of 8 of 1R units and 16 of 1DK units. In addition to common facilities such as auto-locking door, intercom with monitor, security camera, delivery box, etc., in-house facilities such as bathroom dryer, warm water washing toilet seat, and internet connection are standard equipment in each unit. It is a property that provides high-quality and comfortable living to residents.</p>				
Special Notes				
None				

IV. Profile of the Counterparty

(1)	Company Name	Ookanda Kensetsu Co., Ltd.
(2)	Location	1-11-1, Marunouchi, Chiyoda-ku, Tokyo
(3)	Title and Name of Representative	Satoshi Nakamura
(4)	Description of Business	Contracting, design, construction and supervision of civil engineering and construction work and construction incidental to buildings
(5)	Amount of Capital	20 million yen
(6)	Date of Incorporation	April 16, 2014
(7)	Net Assets	216 million yen
(8)	Total Assets	1,131 million yen

(9)	Major Shareholders and Ownership Ratio	Shinwa Construction. Co., Ltd. (100%)
(10)	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 seller. 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 seller.
	Personnel Relationship	There is no personnel relationship required to be disclosed between the Investment Corporation/Asset Manager and the seller. 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 seller.
	Business Relationship	There is no business relationship required to be disclosed between the Investment Corporation/Asset Manager and the seller. 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 seller.
	Status of Classification as Related Party	The seller is not classified as related party with Investment Corporation/Asset Manager

V. Profile of the Property Seller

The seller of the anticipated property is not classified as a special related party of the Investment Corporation and the Asset Manager.

VI. Funds for Acquisition

Own funds

VII. Acquisition Schedule

- Decision of acquisition and conclusion of purchase agreement: March 22, 2023
- Payment and delivery: April 3, 2023

VIII. Payment Method, Etc.

Lump-sum payment at the time of transaction.

IX. Future Prospects

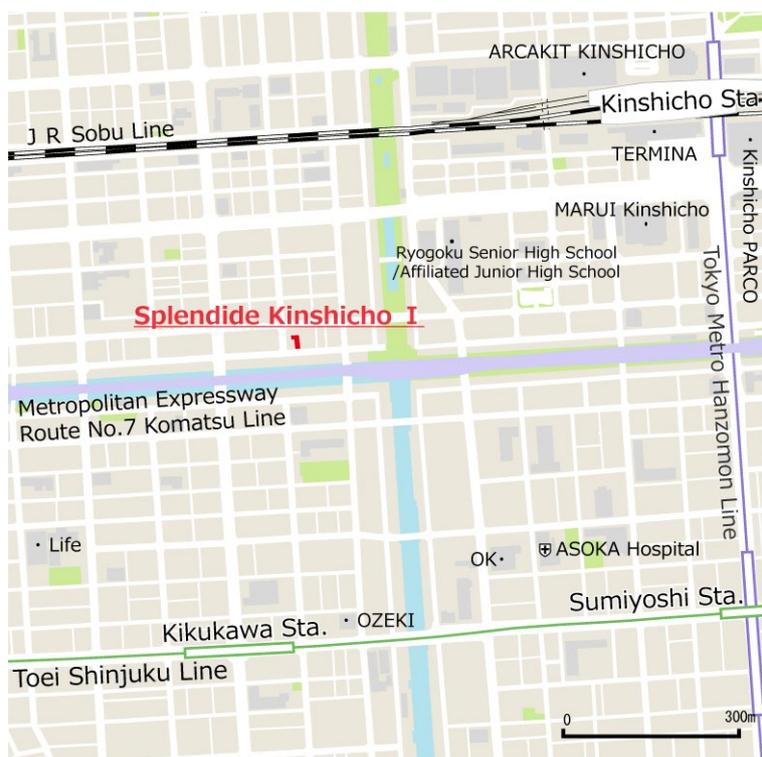
The Acquisition will have only a slight impact on the asset management condition for the fiscal period ending March 31, 2023 (October 1, 2022 to March 31, 2023) and the fiscal period ending September 30, 2023 (April 1, 2023 to September 30, 2023), and there is no change in the asset management forecast.

X. Summary of Appraisal Report

Property name		Splendide Kinshicho I	
Appraisal value		886,000,000 yen	
Appraiser		Tanizawa Sogo Appraisal Co., Ltd.	
Date of appraisal		February 1, 2023	
Item		Details	Outline, etc.
Value indicated by income approach	JPY thousand	886,000	Assessed by using the standardized net income value using the DCF method and by conducting verification from the net income value using the direct capitalization method
Value indicated by the direct capitalization method	JPY thousand	912,000	Assessed by capitalizing the standardized net income, which is recognized to be stable over the medium to long term, with the capitalization yield
	(1) Total Operating Income: (a) – (b)	JPY thousand	41,564
	(a) Rental revenues including common service fees	JPY thousand	40,323
			Rental revenue: Revenue that can be earned on an ordinary basis by leasing or contracting the operation of all or part of the subject property (assuming full occupancy) Common service fee revenue: Among the expenses required on a recurring basis for the maintenance, management, and operation of the subject property, revenue

				collected through contracts with lessees related to common areas (assuming full occupancy)	
		Parking fees	JPY thousand	180	Income generated by leasing the parking lot attached to the subject property to tenants, etc. and income generated by renting the parking lot by the hour (assuming the lot is full)
		Other revenues	JPY thousand	2,415	Other revenue such as non-refundable lump-sum payments such as key money and renewal fees, bicycle parking lot registration fees, installation fees of trunk room, sign board and electric kick board port.
	(b)	Losses from vacancies	JPY thousand	1,353	Decrease in each income based on the projected occurrence of vacancy and replacement period, etc.
		Bad debt losses	JPY thousand	0	Decrease in each income based on the projected occurrence of bad debt
	(2)	Total Operating Expenses	JPY thousand	9,197	—
		Operation costs	JPY thousand	2,979	Expenses required on a recurring basis for the maintenance and management of the subject property, including building and facility management, security, cleaning, etc.
		Utilities	JPY thousand	266	Expenses required for electricity, water, gas, district heating and cooling heat source, etc. in the operation of the subject property
		Repairs and maintenance expense	JPY thousand	805	Of the amount paid for repair or improvement of buildings, facilities, etc. related to the subject property, the cost required for ordinary maintenance and management of the said buildings, facilities, etc. or to restore the partially damaged buildings, facilities, etc. to their original state.
		Property management fees	JPY thousand	1,018	Expenses for the management of the subject property
		Tenant promotion fees, etc.	JPY thousand	1,234	Expenses required for intermediary services and advertising, etc. when recruiting new tenants, as well as expenses required for the renewal of tenant lease contracts and re-signing of lease contracts.
		Taxes and public dues	JPY thousand	1,861	Property tax (land, buildings, depreciable assets), city planning tax (land and buildings)
		Nonlife insurance	JPY thousand	75	Charges for fire insurance for the subject property and attached facilities, liability insurance to cover damage to third parties, etc. due to defects or accidents in the management of the subject property, etc.
		Other expenses	JPY thousand	955	Other expenses such as Internet usage fees and neighborhood association fees
	(3)	Net Operating Income (NOI): (1) – (2)	JPY thousand	32,367	—
	(4)	Lump-Sum Investment Return	JPY thousand	30	Investment income is recorded assuming an investment yield of 1.0%.
	(5)	Capital Expenditure	JPY thousand	492	Expenses for repair or improvement of buildings, facilities, etc. related to the subject property that are recognized to increase the value of the said buildings, facilities, etc. or increase their durability
	(6)	Net Cash Flow (NCF): (3) + (4) – (5)	JPY thousand	31,905	—
	(7)	Capitalization Rate	(%)	3.5	Assessed by comprehensively considering the subject property's location, building conditions, and contract conditions.
		Value indicated by DCF method	JPY thousand	875,000	—
		Discount rate	(%)	3.6	Assessed by comparing with transaction examples of similar properties and by adding the individual characteristics of the property to the yield of the financial assets.
		Terminal capitalization rate	(%)	3.7	Assessed by taking into account the nature of the net income employed for the capitalization yield, future uncertainty, liquidity, marketability, etc.
		Value indicated by cost approach	JPY thousand	869,000	—
		Land ratio	(%)	72.0	—
		Property ratio	(%)	28.0	—
	Other items of note by appraiser			None.	

(Reference Material) Exterior and Map of the Asset to Be Acquired



(Additional Material) Overview of Portfolio accompany the Acquisition

<Number of Properties, Etc.>

	Properties owned as of today (a)	Asset to Be Acquired (b)	(a) + (b)
Total number of properties	248 properties	1 property	249 properties
Total number of leasable units	18,009 units	24 units	18,033 units
Total leasable area	766,035.49 m ²	740.48 m ²	766,775.97m ²

<Asset Size, Etc.>

	Properties owned as of today (a)	Asset to Be Acquired (b)	(a) + (b)
Total (anticipated) acquisition price	JPY363.2 billion	JPY0.8 billion	JPY 364.0 billion
Appraisal value (Note)	JPY443.5 billion	JPY0.8 billion	JPY 444.4 billion

(Note) Appraisal value of the "Properties owned as of today" is calculated based on September 30, 2022, except for Gran Casa Minami-Senju, Gran Casa Hikifune, Serenite Namba Plie, Gran Casa Oji, Gran Casa Ryogoku East, Gran Casa Tabata and Sunny Life Shibaura, which are based on the August 1, 2022 and "Asset to Be Acquired" and Gran Casa Kuramae, which are based on the appraisal value as of February 1, 2023,

<Amount and Rate of Investment by Type (Based on (Anticipated) Acquisition Price)>

	Properties owned as of today (a)	Asset to Be Acquired (b)	(a) + (b)
Studio	JPY 174.1 billion (47.9%)	JPY 0.8 billion	JPY 174.9 billion (48.1%)
Family	JPY 80.8 billion (22.3%)	-	JPY 80.8 billion (22.2%)
Healthcare	JPY 108.2 billion (29.8%)	-	JPY 108.2 billion (29.7%)