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To All Concerned Parties

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Notice Concerning Acquisition of Asset ((Temporary Name) Kuramae Project)

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

Name of property	Location	Property type (Note 1)	Anticipated acquisition price (A) (JPY thousand) (Note2) (Note 3)	Appraisal value (as of August 2021) (B) (JPY thousand) (Note 3)	Difference between anticipated acquisition price and appraisal value (B)-(A) (JPY thousand) ((A)/(B)) (Note 3)
((Temporary Name) Kuramae Project (Note 4))	Taito-ku, Tokyo	Residence (Studio)	1,505,000	1,570,000	65,000 (95.9%)

(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 Asset to Be Acquired will be completed in January, 2023. The name of property will be changed to “Gran Casa Kuramae”.

(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.

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 (Residence Indication)” is, in principle, based on the residential indication. For properties for which residential indication has not been implemented, the location of the building is indicated by the street address or in the registry (including the registration record) (the same shall apply hereinafter). For properties that have not yet been completed as of today, the forecast at the time of completion is stated based on design plans, etc.
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. For properties that have not yet been completed as of today, the forecast at the time of completion is stated based on design plans, etc.
 8. “Structure/Floors” for Building is based on records in the registry. For properties that have not yet been completed as of today, the forecast at the time of completion is stated based on design plans, etc.
 9. “Number of leasable units” indicates the number of units that can be leased as of July 31, 2021, for the Asset to Be Acquired. For properties that have not yet been completed as of today, the forecast at the time of completion is stated based on design plans, etc.
 10. “Total floor area” for Building is based on records in the registry and does not include the floor area of annexed buildings. For properties that have not yet been completed as of today, the forecast at the time of completion is stated based on design plans, etc.
 11. “Construction completion” for Building refers to the date of completion recorded in the registry. For properties that have not yet been completed as of today, the forecast at the time of completion is stated based on design plans, etc.
 12. “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.
 13. “PML” data was acquired from Tokyo Marine dR Co., Ltd. in August 2021.
 14. “Property manager” is the property management company entrusted with, or scheduled to be entrusted with the property management operations.
 15. “Master lessee” is the party that has, or is scheduled to enter into a master lease agreement concerning the asset in question.
 16. “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.
 17. “Real estate rent revenue” is the monthly rent income (rent, common service fee, parking lot income, etc.), rounded down to the nearest thousand yen, based on the estimated figures in the appraisal report for the Asset to Be Acquired as of August 1, 2021.
 18. “Leasable area” shows the leasable area of each of the Asset to Be Acquired as of July 31, 2021, 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. For properties that have not yet been completed as of today, the forecast at the time of completion is stated based on design plans, etc.
 19. “Number of tenants” shall be 1 if a master lease agreement has been concluded with a master lessee.
 20. 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.
 21. 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 1,505 million	Scheduled acquisition date	March 31, 2023
Appraisal value (appraisal date)		JPY 1,570 million (as of August 1, 2021)	Appraisal firm	Tanizawa Sogo Appraisal Co., Ltd.
Location (Residential indication)		(undecided) 1-8, Kuramae Taito-ku, Tokyo		
Access		Approximately 160 meters from Kuramae Station on Toei Subway Asakusa Line		
Land	Form of ownership	Ownership	Zoning	Commercial districts
	Area	214.68 m ²	FAR/Building-to-land ratio	(A) 700%/80% (B) 500%/80%
Building	Form of ownership	Ownership	Use	Condominium
	Structure/Floors	RC (partially S), 13-story building	Number of leasable units	36 units

	Total floor area	1,878.94 m ²	Construction completion	January, 2023 (planned)
Building engineer		Cosmo Alpha Inc. First-class architect office		
Constructor		NIHON KENSETSU CO.LTD.		
Building inspection agency		Urban Housing Evaluation Center		
Estimated emergency repair expenses		JPY 0 thousand	Estimated short-term repair expenses	JPY 30 thousand
Estimated long-term repair expenses		JPY 16,520 thousand	PML	4.9%
Property manager		Tokyu Housing Lease Corporation (planned)		
Master lessee		G.K. Japan Rental Housing	Type of master lease	Pass through
Overview of Leasing				
Real estate rent revenue		JPY 6,328 thousand		
Lease and guarantee deposits		-		
Total leasable area		1,423.92 m ²	Number of tenants	1
Total leased area		-	Occupancy rate	-
Collateral		None		
Features				
Site features: This property is currently under construction, where residents can use multiple routs to the city center, located 2 minutes' walk from Kuramae Station on the Toei Subway Asakusa Line and 7 minutes' walk from Asakusabashi Station on the JR Sobu Line. The surrounding area has been redeveloped and has many commercial stores and cafes. The area is also attracting attention as a residential area due to its growing prosperity and is expected to meet the needs of singles and DINKS commuting to the city. Japan Post Real Estate Co., Ltd. is carrying out large-scale development on the land adjacent to the property. A large-scale complex including offices, residents, logistics facilities and childcare facilities is scheduled to open in the spring of 2023.				
Property features: This property consists of a 13-story reinforced concrete structure with 1DK (12 rooms) and 1LDK (12 rooms) on the 2nd to 7th floors, and 2LDK (12 rooms) on the 8th to 13th floors. In addition to common facilities such as auto locks, interphones with monitors, security cameras, and delivery boxes, each residential unit is equipped with a free Internet line as a standard, providing highly convenient lifestyles for residents.				
Special Notes				
This building is not completed at the time of the contract conclusion. Assuming that the building will be completed, the Investment Corporation will acquire the property after the building is completed.				

IV. Profile of the Counterparty

The sellers of the Asset to Be Acquired are 2 domestic companies, whose names are not disclosed because the sellers' consents have not been obtained. There are no capital, human, or business relationships between the Investment Corporation or the Asset Manager and the seller. The sellers are not related party of the Investment Corporation or the Asset Manager.

The sellers do not fall under the category of interested persons under the Order for Enforcement of the Act on Investment Trusts and Investment Corporations, nor do it fall under the category of interested party, etc. under the internal rules on dealings with interested parties of the Asset Manager.

V. Profile of the Property Seller

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

VI. Funds for Acquisition

Own funds or loans

VII. Acquisition Schedule

- Decision of acquisition and conclusion of purchase agreement: August 23, 2021
- Payment and delivery: March 31, 2023

VIII. Impact on the Investment Corporation's Finances if Forward Commitment, etc. is Not Able to be Met

The Purchase Agreement for the Asset to Be Acquired fall under the category of forward commitments, etc. (future-dated Purchase Agreements where settlement and delivery take place a month or more after the conclusion of the contract, and other similar contracts) provided for in the Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc.

Under the purchase and sale agreement with the seller, the obligations of the Investment Corporation are subject to preconditions such as the completion of the necessary internal approval procedures. Under the purchase and sale agreement, if the preconditions for the fulfillment of such buyer's obligations are not satisfied, the Investment Corporation may cancel the purchase and sale agreement without compensation.

In the event the Investment Corporation terminates the Agreement due to its failure to perform the obligations stipulated in the sales agreement, the Investment Corporation shall promptly pay as a penalty an amount equivalent to 10% of the sales price. In addition, under the relevant purchase agreement, if it becomes clear that the completion of the building will be delayed beyond the end of April 2023 or the delivery of the building will be delayed beyond the end of June 2023, the two parties shall decide how to deal with the situation. In the event that the two parties are unable to reach an agreement on how to deal with such issues within 60 days of the start of such consultations (such agreement shall not exceed the end of March 2023), either party (only the buyer if the delay is not due to force majeure) may cancel the purchase agreement by giving written notice to the other party.

In addition to the fact that the fulfillment of our obligations is subject to the completion of the necessary internal approval procedures, the Investment Corporation believes that the possibility of a material adverse effect on our finances and distributions is low because the Investment Corporation has sufficient cash on hand.

IX. Payment Method, Etc.

Lump-sum payment at the time of transaction.

X. Future Prospects

The Acquisition will have only a slight impact on the asset management condition in the fiscal period ending September 30, 2021 (from April 1, 2021 to September 30, 2021) and the fiscal period ending March 31, 2022 (from October 1, 2021 to March 31, 2022), and there is no change in the asset management forecast.

XI. Summary of Appraisal Report

Property name		(Temporary Name) Kuramae Project	
Appraisal value		1,570,000,000 yen	
Appraiser		Tanizawa Sogo Appraisal Co., Ltd.	
Date of appraisal		August 1, 2021	
Item		Details	Outline, etc.
Value indicated by income approach		JPY thousand	1,570,000
Value indicated by the direct capitalization method		JPY thousand	1,590,000
(1) Total Operating Income: (a) – (b)		JPY thousand	76,084
(a)	Rental revenues including common service fees	JPY thousand	75,464
	Parking fees	JPY thousand	474
	Other revenues	JPY thousand	2,589
	Losses from vacancies	JPY thousand	2,443
	Bad debt losses	JPY thousand	0
(2) Total Operating Expenses		JPY thousand	14,791
	Operation costs	JPY thousand	3,048
	Utilities	JPY thousand	512
	Repairs and maintenance expense	JPY thousand	1,449
	Property management fees	JPY thousand	1,101

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.

			Tenant promotion fees, etc.	JPY thousand	2,382	Expenses for intermediation, advertising, etc. while looking for new tenants and expenses incurred for renewals and extensions of rental contracts with tenants, etc.
			Taxes and public dues	JPY thousand	4,859	Property tax (land, building, depreciation assets), city planning tax (land, building)
			Nonlife insurance	JPY thousand	144	Expenses for fire insurance for the property and accompanying facilities, expenses for liability insurance that covers losses incurred by damage done to a third party etc. due to defects of the property and accidents in property management, etc.
			Other expenses	JPY thousand	1,293	Expenses including land rent and exclusive road use fees
		(3) Net Operating Income (NOI): (1) – (2)	JPY thousand	61,293	—	
		(4) Lump-Sum Investment Return	JPY thousand	57	Investment return is assumed at 1.0%	
		(5) Capital Expenditure	JPY thousand	960	Expenditures for repair or improvement of buildings, facilities, etc. that are recognized to increase its value or increase their durability.	
		(6) Net Cash Flow (NCF): (3) + (4) – (5)	JPY thousand	60,390	—	
		(7) Capitalization Rate	(%)	3.8	Comprehensive consideration taking into account the property's location, the characteristics of the building and contractual characteristics	
		Value indicated by DCF method	JPY thousand	1,560,000	—	
		Discount rate	(%)	3.9	Compared with transaction cases of similar properties and investigated by taking into account the property's individuality on the yields of other financial assets	
		Terminal capitalization rate	(%)	4.0	Characteristics of net income used for Capitalization Rate, future uncertainties, liquidity, market value, etc. are accounted for in the determination of the rate.	
		Value indicated by cost approach	JPY thousand	1,730,000	—	
		Land ratio	(%)	70.5	—	
		Property ratio	(%)	29.5	—	
Other items of note by appraiser				None.		

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

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



(Note) The above exterior image is an image of the completed building.



(Additional Material) Overview of Portfolio accompany the Acquisition

<Number of Properties, Etc.>

	Properties owned as of today (a)	Asset to Be Acquired (b)	Other assets to be acquired (c) (Note)	(a) + (b) + (c)
Total number of properties	231 properties	1 property	1 properties	233 properties
Total number of leasable units	16,712 units	36 units	24 units	16,772 units
Total leasable area	724,034.32 m ²	1,423.92 m ²	680.75 m ²	726,138.99 m ²

(Note) This refers to "Gran Casa Magome II", announced on October 21, 2020.

<Asset Size, Etc.>

	Properties owned as of today (a)	Asset to Be Acquired (b)	Other assets to be acquired (c)	(a) + (b) + (c)
Total (anticipated) acquisition price (Note 1)	JPY 329.0 billion	JPY 1.5 billion	JPY 0.7 billion	JPY 331.2 billion
Appraisal value (Note 2)	JPY 388.8 billion	JPY 1.5 billion	JPY 0.7 billion	JPY 391.1 billion

(Note 1) Total acquisition price (anticipated) is calculated based on the acquisition price (anticipated).

(Note 2) The appraisal value is calculated based on the appraisal value as of May 1, 2021 for "Gran Carsa Ueno Iriya", the appraisal value as of June 1, 2021 for "Gran Carsa Itabashi EAST", the appraisal value as of July 1, 2021 for "Gran Casa Monzennakacho" and the appraisal value as of the end of March 2021 for other properties. "Assets to be acquired" and "Other assets to be acquired" are calculated based on the appraisal value as of August 1, 2021.

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

	Properties owned as of today (a)	Asset to Be Acquired (b)	Other assets to be acquired (c)	(a) + (b) + (c)
Studio	JPY 153.8 billion (46.7%)	JPY 1.5 billion	JPY 0.7 billion	JPY 156.0 billion (47.1%)
Family	JPY 79.6 billion (24.2%)	-	-	JPY 79.6 billion (24.1%)
Healthcare	JPY 95.5 billion (29.0%)	-	-	JPY 95.5 billion (28.9%)