

September 19, 2025

To All Concerned Parties

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Notice Concerning Disposition of Domestic Real Estate **(Stellato City Sakurayama)**

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 September 19, 2025, the Investment Corporation has concluded a sale agreement with the transferee for the Disposition, and the Disposition is scheduled to take place on October 23, 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
Stellato City Sakurayama (Nagoya, Aichi)	574,253	829,000	254,746	890,000	277,536	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.)	Stellato City Sakurayama (F-5-032)				
Type of Asset	Real estate				
Type of Ownership	Proprietary ownership				
Location	1-6, Koumicho, Syowa-ku, Nagoya-shi, Aichi				
Use	Condominium				
Constructed	July 5, 2006				
Appraisal Value	829,000 thousand yen				
Appraiser	Tanizawa Sogo Appraisal CO., Ltd.				
Details of Lease					
Number of Tenants	1				
Total Rental Revenue	24,630 thousand yen				
Lease Deposits and Guarantee Deposits	3,077 thousand yen				
Total Leasable Area	1,914.07 m ²				
Total Leased Area	1,914.07 m ²				
Changes in Occupancy Rate	Nov 2024	Dec 2024	Jan 2025	Feb 2025	Mar 2025
	96.2%	92.3%	96.2%	92.4%	100.0%

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: September 19, 2025
- Receipt and delivery: October 23, 2025

VI. Settlement Method

At the time of contract signing, a deposit of 10 million yen was received. The remaining balance, after deducting the deposit, is scheduled to be settled 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 October 23, 2025. The impact on the operating and distributions 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				Stellato City Sakurayama					
Appraisal Value				JPY 829,000,000					
Appraiser				Tanizawa Sogo Appraisal CO., Ltd.					
Date of Appraisal				March 31, 2025					
Item						Details	Overview, etc.		
Value indicated by income approach				JPY thousand	829,000	-			
	Value indicated by the Direct Capitalization Method			JPY thousand	844,000	-			
	(1) Total Operating Income: (a)-(b)			JPY thousand	50,867	-			
	(a)	Rental revenues including common service fees		JPY thousand	47,246	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	3,564	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	1,600	Other revenue such as non-refundable lump-sum payments such as facility installation fees for other signs, antennas, vending machines, etc. and renewal fees etc.			
	(b)	Losses from vacancies		JPY thousand	1,543	Decrease in each income based on the projected occurrence of vacancy and replacement period, 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	11,879	-			
		Operation costs		JPY thousand	1,332	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	918	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	2,650	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	1,231	Expenses for the management of the subject property.			
		Tenant promotion fees, etc.		JPY thousand	832	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	3,789	(Land) Property tax, city planning tax. (Buildings, etc.) Property tax, city planning tax. (Depreciable assets) Property tax.			
		Nonlife insurance		JPY thousand	209	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	915	Internet usage fees, etc. are recorded as other expenses.			
	(3) Net Operating Income (NOI): (1)-(2)			JPY thousand	38,987	-			
	(4) Lump-sum Investment Return			JPY thousand	38	Investment income is appraised assuming an investment yield of 1.0%.			
	(5) Capital Expenditure			JPY thousand	3,582	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	35,443	-			
	(7) Capitalization Rate			(%)	4.2	Assessed through comparison to transactions of similar properties.			
	Value Indicated by DCF Method			JPY thousand	823,000	-			
		Discount Rate		(%)	4.3	Assessed by adding the individual risks of the subject property to the base yield.			
		Terminal Capitalization Rate		(%)	4.4	Assessed by taking into account future uncertainties and other factors to the Capitalization rate.			
Value indicated by cost approach			JPY thousand	818,000	-				
	Land Ratio		(%)	55.5	-				
	Property Ratio		(%)	44.5	-				
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	3 properties	239 properties
Total number of leasable units	18,261 units	26 units	373 units	17,862 units
Total leasable area	742,506.01 m ²	1,914.07m ²	9,467.49m ²	731,124.45 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 and the “Notice Concerning Disposition of Trust Beneficiary Interests (Forest Hill SendaiAoba)” released on August 8, 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 0.7 billion	JPY 3.8 billion	JPY 394.5 billion
Appraisal value	JPY 489.9 billion	JPY 0.8 billion	JPY 3.9 billion	JPY 485.2 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 3.8 billion	JPY 208.5 billion (52.9%)
Family	JPY 79.7 billion (20.0%)	JPY 0.7 billion	-	JPY 79.0 billion (20.0%)
Healthcare	JPY 106.9 billion (26.8%)	-	-	JPY 106.9 billion (27.1%)

End