

30th Fiscal Period Financial Report (REIT)

May 20, 2021

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Scheduled date of submission of semiannual securities report: June 22, 2021
Scheduled date of commencement of distribution payment: June 14, 2021
Preparation of supplementary financial results briefing materials: Yes
Holding of financial results briefing session: Yes (for analysts and institutional investors)
(Amounts are rounded down to the nearest million yen)

1. Status of Operations and Assets for the 30th Fiscal Period (from October 1, 2020, to March 31, 2021)

(1) Status of Management (% figures indicate the percentage of increase (decrease) over the previous fiscal period)

	Operating revenue		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
30th period	10,487	(9.9)	5,101	5.0	4,457	(11.4)	4,457	(27.3)
29th period	11,645	40.9	4,860	29.2	5,031	54.4	6,133	88.2

	Earnings per unit		Return on equity (ROE)		Ratio of ordinary income to total assets		Ratio of ordinary income to operating revenues	
	Yen	%	Yen	%	Yen	%	Yen	%
30th period	2,117	2.9	2.9	1.4	42.5			
29th period	2,983	4.7	4.7	1.9	43.2			

(2) Status of Distributions

	Distribution per unit (excluding distribution in excess of earnings)	Total distributions (excluding distribution in excess of earnings)	Distribution in excess of earnings per unit	Total distributions in excess of earnings	Payout ratio	Ratio of distributions to net assets
	Yen	Million yen	Yen	Million yen	%	%
30th period	2,160	4,604	—	—	103.3	2.9
29th period	2,190	4,502	—	—	73.4	3.1

(Note 1) The source of funds for payment of distributions for the 30th fiscal period is the amount of unappropriated retained earnings after including reserve for temporary difference adjustments of ¥146 million, and differs from profit.

(Note 2) The source of funds for payment of distributions for the 29th fiscal period is the amount of unappropriated retained earnings after deducting reserve for dividends of ¥499 million and reserve for temporary difference adjustments of ¥1,198 million and including reserve for temporary difference adjustments of ¥67 million, and differs from profit.

(Note 3) Dividend payout ratio for the 30th fiscal period is calculated by the following formula since issuance of new investment units was implemented.
Dividend payout ratio = [Total distribution amount ÷ Net income] × 100

(3) Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per unit
	Million yen	Million yen	%	Yen
30th period	335,601	157,466	46.9	73,874
29th period	310,207	151,117	48.7	73,502

(4) Status of Cash Flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at the end of the fiscal period
	Million yen	Million yen	Million yen	Million yen
30th period	6,450	(21,632)	20,872	17,900
29th period	20,389	(67,848)	49,977	12,210

2. Earnings Forecast for the 31st Fiscal Period (from April 1, 2021, to September 30, 2021) and the 32nd Fiscal Period (from October 1, 2021, to March 31, 2022)

(% figures indicate the percentage of increase (decrease) over the previous fiscal period)

	Operating revenue		Operating profit		Ordinary profit		Profit		Distribution per unit (excluding distribution in excess of earnings)	Distribution in excess of earnings per unit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%		Yen	Yen
31st period	10,813	3.1	5,060	(0.8)	4,393	(1.4)	4,393	(1.4)	(1.4)	2,160	-
32nd period	10,880	0.6	5,104	0.9	4,430	0.8	4,429	0.8	0.8	2,160	-

(Reference) Expected earnings per unit (31st fiscal period): ¥2,061; Expected earnings per unit (32nd fiscal period): ¥2,078

(Note) The source of funds for payment of distributions for the 31st fiscal period is the amount of profit after adding reversal of reserve for temporary difference adjustments of ¥210 million, and thus differs from the amount of profit. The source of funds for payment of distributions for the 32nd fiscal period is the amount of profit after adding reversal of reserve for temporary difference adjustments of ¥174 million, and thus differs from the amount of profit. For the details of earnings forecast above, please refer to “1. Management Status, (4) Earnings Outlook” later in this document.

* Other

(1) Changes in Accounting Policies, Changes in Accounting Estimates, and Retrospective Restatement

- ① Changes in accounting policies accompanying amendments to accounting standards: No
- ② Changes in accounting policies other than ①: No
- ③ Changes in accounting estimates: No
- ④ Retrospective restatement: No

(2) Total number of investment units issued and outstanding

- ① Total number of investment units issued and outstanding (including treasury investment units) at the end of the fiscal period

30th fiscal period	2,131,546 units	29th fiscal period	2,055,946 units
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- ② Total number of treasury investment units at the end of the fiscal period

30th fiscal period	0 units	29th fiscal period	0 units
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(Note) For the number of investment units used as the base for calculating net income per unit, please refer to “Notes on Per Unit Information” on page 37.

* Financial reports are exempt from the audit by a certified public accountant or an auditing firm.

* Special note

The earnings outlook and other forward-looking statements contained in this document are based on information currently available to and certain assumptions deemed reasonable by Daiwa Securities Living Investment Corporation (hereinafter the “Investment Corporation”). Consequently, actual results may differ materially depending on a number of factors.

In addition, the forecast is not intended as a guarantee of the amount of distributions. Regarding assumptions for earnings forecast and matters to consider when using the earnings forecast, please refer to “1. Management Status, (4) Earnings Outlook” on page 11.

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1. Management Status

(1) Management Status

① Overview of the Fiscal Period Under Review

(a) Profile of the Investment Corporation

The Investment Corporation was established on October 7, 2005, based on the provisions of the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, as amended), and listed as a “housing-specific REIT” on the Tokyo Stock Exchange Real Estate Investment Trust market (stock code 8986) on June 22, 2006. As a result of an absorption-type merger with Prospect Reit Investment Corporation on July 1, 2010, the Investment Corporation added 52 properties under management (total acquisition price: ¥52,952 million) to its portfolio. Since the merger, the Investment Corporation has been seeking to steadily enhance distributions, primarily by improving the quality of its portfolio through the replacement of properties (acquiring new properties and disposing of existing properties), strengthening overall operations by improving occupancy rates and other factors, and reducing costs by decreasing expenses for interest-bearing debt and other items. Furthermore, as a result of an absorption-type merger (hereinafter the “Merger”) conducted on April 1, 2020, whereby the Investment Corporation became the surviving corporation and Nippon Healthcare Investment Corporation (hereinafter “NHI”) became the absorbed corporation and upon which the trade name of the Investment Corporation was changed from “Japan Rental Housing Investments Inc.” to “Daiwa Securities Living Investment Corporation” and healthcare facilities were added to the portfolio, the Investment Corporation is now managed as a “REIT that comprehensively provides comfortable living spaces that ‘support life and the lifestyles of everyone’ suited to each life stage.”

The properties under management at the end of March 2021 consisted of 226 properties with a total acquisition price of ¥323,551 million and a total rentable floor area of 718,938.23 square meters.

(b) Investment Environment

Although the Japanese economy was still in a severe condition in the fiscal period under review due to the impact of COVID-19, a recovery trend has gradually begun to appear.

Amid such, rental residential properties owned by listed residential REITs enjoyed a relatively stable management environment as seen in their maintenance of stable occupancy rates when compared with other sectors. On the other hand, in the real estate investment market, the stable cash flows of rental residential properties attracted the enduring interests of investors and the low-interest-rate environment also continued, intensifying competition for property acquisition. Moreover, for healthcare facilities, social demand for private nursing homes and other facilities for the elderly is increasing year by year as the proportion of the elderly population among the total population increases.

(c) Management Performance

To enhance the Investment Corporation’s investment unit value, the Asset Manager focused on: a. External growth through the acquisition of new properties; b. Continuing to strengthen overall operations (the maintenance of high occupancy rates, the maximization of rent and other income and the reduction of expenses related to leasing business); c. Strengthening of financing (the reduction of financial costs and the extension of borrowing periods, etc.); and d. Sustainability initiatives.

a. External growth through acquisition of new properties

In the fiscal period under review, the Investment Corporation acquired 5 rental housing (total acquisition price: ¥11,141 million) and 3 healthcare facilities (total acquisition price: ¥8,680 million) under the more intensified competition for property acquisition. These properties contributed partially to the revenues of the Investment Corporation in the fiscal period under review and are expected to make full-period contribution toward expanding revenues in the next fiscal period and onward.

Property name	Property type	Acquisition date	Acquisition price (thousand yen) (Note 1)
Gran Casa Magome I (Note 2)	Rental housing	October 22, 2020	602,000
Gran Casa Nambamotomachi (Note 3)		December 10, 2020	5,820,000
Gran Casa Fujisawa		December 10, 2020	1,000,000
Gran Casa Ryokuchi Koen (Note 4)		December 28, 2020	2,600,000
Gran Casa Omorikaigan (Note 5)		March 1, 2021	1,119,766
Rental housing total			11,141,766
Good Time Living Osaka Bay	Healthcare facilities	December 10, 2020	4,700,000
Sunny Life Hiyoshi		December 10, 2020	2,060,000
Sunny Life Chofu		December 10, 2020	1,920,000
Healthcare facilities total			8,680,000
Total			19,821,766

(Note 1) Acquisition price does not include acquisition expenses, adjustments to property tax and city planning tax, and consumption tax and local consumption tax.

(Note 2) The property name of “Solid Magome” was changed to “Gran Casa Magome I” on December 1, 2020. The same applies hereinafter.

(Note 3) The property name of “Splendide Nambamotomachi” was changed to “Gran Casa Nambamotomachi” on January 31, 2021. The same applies hereinafter.

(Note 4) The property name of “Hulic Residence Senriyama” was changed to “Gran Casa Ryokuchi Koen” on April 1, 2021. The same applies hereinafter.

(Note 5) The property name of “(Temporary name) Minamioi PJ” was changed to “Gran Casa Omorikaigan” on March 1, 2021. The same applies hereinafter.

b. Continuing to strengthen overall operations

i. Strategy for managing rental housing

As a result of use of the Daily Occupancy Forecasting System and continued focus on a range of existing initiatives and other measures by the Asset Manager, the average occupancy rate during the period stood at 98.5% (98.6% in the previous fiscal period). In addition, as a result of continuing to focus on also increasing the rent at the time of replacement (Note), an increase in rent from the previous rent was achieved for 833 contracts out of 1,174 (the total number of new contracts) in the fiscal period under review. The percentage of contracts with higher rent (based on the number of contracts) was 71.0%. The change in rent at tenant turnover (based on rent) was an increase of 1.6% (an increase of 1.7% in the previous fiscal period), continuing an upward trend and contributing to higher revenues as in the previous fiscal period.

As for expenses related to leasing, the Asset Manager focused on a range of existing initiatives, including the reduction of repair expenses and expenses for work to restore properties to their original state through the High-Cost Construction Approval Committee, and the reduction of utilities expenses due to the effect of introducing LED lights and other measures.

In the fiscal period under review, movements that are different from those in the past years were seen in the rental market due to the COVID-19 crisis, centering on studio-type residences in central Tokyo. However, measures such as the implementation of a campaign to conclude contracts were conducted at an early stage, minimizing the decline in occupancy rate.

(Note) The rent at the time of replacement is calculated by excluding properties for which the previous rent is unknown due to newly acquired properties and the cancellation of the sublease contract and rooms for rent whose use is other than as a residence.

(Existing initiatives)

- “Daily Occupancy Forecasting System” (an IT system independently self-developed by the Asset Manager, the system predicts occupancy rates at the end of every month on a daily basis, helps understand dynamic information regarding individual vacancies, and shortens the cycle for identifying individual vacancies, conducting onsite inspections, investigating causes, taking action, and verifying effects; introduced in October 2011). With the commencement of the operation of the IT system that was upgraded to a new version in May 2015, a mechanism that is able to ascertain various types of information including occupancy rates on the Internet in real time has been set in place.
- “Three-week Rule” (minimizing opportunity losses by fully enforcing a rule to fully restore properties to their original state within three weeks of tenants vacating; introduced in October 2010)
- “Downtime 60 days” (a policy to conclude a new contract within 60 days of tenants vacating; introduced in October 2012)
- “Action 30 days” (focused response to achieve the best rent at the earliest in the first 30 days after beginning to seek tenants; focused response to vacancies of 30 days after beginning to seek tenants, which was introduced in October 2013, has been changed to a more aggressive initiative based on the “Management Policy by Property” newly introduced in April 2016) to further improve occupancy rates and profitability by shortening vacancy periods
- Taking stronger action on “Key Focus Properties (introduced in April 2011)” and “Long-term Vacancies” (vacancies over 60 days; introduced in October 2010)
- “High-Cost Construction Approval Committee” (a committee conducting a detailed, systematic examination of the content and amount of construction work for ¥1 million or more when orders are placed, to optimize expenses for high-priced construction work; introduced in April 2012)
- “Formulation of Standard Specifications for Work to Restore Properties to their Original State” (managing expenses and construction schedules and building better rooms by setting unique construction specifications for work to restore properties to their original state after tenants vacate, regarding it as a recommercialization measure; introduced in April 2012)
- “Management to Increase the Number of Properties with Full Occupancy” (further improving occupancy rates through the management of the number of properties with full occupancy; introduced in April 2014)
- “Management Policy by Property” (a policy of managing properties by drafting a basic policy for each property based on an analysis of past contract data (rent, downtime, comparison with the previous rent, key money, etc.) of each property and focusing on increasing revenue by simultaneously raising rents and shortening the downtime for each room newly contracted after cancellation through implementation in conjunction with “Action 30 days,” one of the existing initiatives above; introduced in April 2016)

ii. Strategy for managing healthcare facilities

In order for healthcare facilities to earn stable revenue and serve to maintain and enhance unitholder value, the Asset Manager monitors operators as it regards the creditworthiness, operational capabilities, etc. of the operators operating the facilities as important factors in realizing stable occupancy. In the fiscal period under review, considerations were also made for the impact of COVID-19 by refraining from visiting facilities and instead conducting interviews and such in the form of meetings with facility managers and head office staff using an online conferencing system. COVID-19 has had no impact on the performance of the Investment Corporation as of the end of the fiscal period under review. In addition, there are no changes to the terms and conditions of contracts, such as mid-term cancellation of lease agreements with operators, rent reduction/exemption and postponement of payment.

As a result of the above, the average occupancy rate of healthcare facilities during the period was 100.0%.

c. Strengthening of financing (reduction of financial costs and extension of borrowing periods, etc.)

In the fiscal period under review, the Investment Corporation conducted the following issuance of new investment units, borrowing of funds, and issuance of investment corporation bonds to fund the acquisition of new properties and repayment of borrowings.

- On October 30, 2020, the Investment Corporation refinanced ¥1,000 million of bank borrowings from existing transaction banks as funds for repayment of long-term borrowings of the same amount due on the same day.
- The Investment Corporation borrowed a total of ¥11,470 million from existing and new transaction banks on November 30, 2020, and December 10, 2020, as part of funds for acquisition of properties acquired on September 30, 2020, and October 22, 2020, and properties acquired on December 10, 2020, as well as funds for early repayment of short-term borrowings totaling ¥500 million executed on November 30, 2020.
- The Investment Corporation conducted issuance of new investment units (payment date: December 4, 2020, number of investment units issued: 72,000 units, issue price: ¥87,457 (purchase price ¥84,586) per unit, total issue value: ¥6,090 million) as well as issuance of new investment units through third-party allotment (payment date: December 25, 2020, total issue value: ¥304 million), and used the acquired capital as part of funds for acquisition of the properties acquired on December 10, 2020.
- As part of the funds for acquisition of the properties newly acquired on December 28, 2020, the Investment Corporation borrowed a total of ¥1,150 million from existing transaction banks on the same day and a total of ¥500 million from new transaction banks on February 26, 2021.
- The Investment Corporation issued Daiwa Securities Living Investment Corporation's first investment corporation bonds totaling ¥4,000 million on January 28, 2021, and Daiwa Securities Living Investment Corporation's second investment corporation bonds totaling ¥6,000 million on February 9, 2021. The procured funds were used for refinancing of short-term borrowings totaling ¥2,000 million due for repayment on January 29, 2021, and as a portion of funds for early repayment of short-term borrowings totaling ¥2,070 million conducted on February 26, 2021, as well as for funds for acquisition of new properties disclosed on November 19, 2020. The remaining amount will be used as a portion of funds for acquisition of properties to be newly acquired which were also disclosed in the announcement.
- As part of the funds for acquisition of the properties newly acquired on March 1, 2021, the Investment Corporation borrowed a total of ¥500 million from new transaction banks on the same day.
- On March 22, 2021, the Investment Corporation refinanced ¥6,814 million of the bank borrowings from existing transaction banks as the funds for repayment of the same amount for a total of long-term borrowings due on the same day. Of the borrowings above, the Investment Corporation concluded interest rate swap agreements and thereby fixed the interest rate payable for the ¥19,764 million in borrowings with floating interest rates.

As a result, the Investment Corporation achieved extension of borrowing periods, in addition to diversification of due dates. Furthermore, the ratio of interest-bearing debt to total assets at the end of the fiscal period under review came to 51.2%, the ratio of long-term interest-bearing debt (excluding interest-bearing debt to be repaid within a year) came to 90.3%, and the ratio of fixed interest rates came to 72.3%.

d. Sustainability initiatives

Based on the recognition that sustainability initiatives including environmental, social and corporate governance practices (collectively called “ESG”) increased in significance in recent years, the Investment Corporation established its Policy Regarding ESG in August 2016.

Based on the above policy, the Investment Corporation and the Asset Manager have been participating in the GRESB Real Estate Assessment beginning from the fiscal period ended September 2018. (The GRESB Real Estate Assessment is an annual benchmark assessment that measures consideration for ESG in the real estate sector. It was established in 2009 by a group of major pension funds in Europe that took the initiative in developing the Principles for Responsible Investment (PRI).)

The Investment Corporation has installed facilities and equipment that contribute to environmental protection and implemented other various initiatives in the fiscal period under review as well under the judgment that emphasizing ESG in asset management would contribute to the enhancement of the Investment Corporation's medium- to long-term corporate value.

(d) Summary of Results and Distributions

As a result of the management initiatives described above, the Investment Corporation recorded operating revenue of ¥10,487 million, operating profit of ¥5,101 million, ordinary profit of ¥4,457 million, and profit of ¥4,457 million.

As for distributions, the Investment Corporation will distribute unappropriated retained earnings by using the reserve for temporary difference adjustments (¥146 million) and adding them to unappropriated retained earnings according to the existing policy.

As a result, total distributions came to ¥4,604 million in the fiscal period under review, and the distribution per unit was ¥2,160 (down ¥30 from the previous fiscal period).

(Note) With respect to distributions, based on the plan that the maximum amount of distribution of earnings shall be included in deductible expenses upon the application of Article 67-15 of the Act on Special Measures Concerning Taxation (Act No. 26 of 1957, including amendments thereto; hereinafter the “Special Taxation Measures Act”), the full amount of unappropriated retained earnings except for fractions of less than one (1) yen of cash distribution per investment unit will be distributed.

② Outlook for the Next Fiscal Period

(a) Future Management Policy

The Investment Corporation will seek to achieve further growth through investment in rental housing and healthcare facilities as a “REIT that comprehensively provides comfortable living spaces suited to each life stage,” and thereby pursue maximization of unitholder value from securement of revenues and stabilization and enhancement of distributions of the Investment Corporation.

a. External growth through acquisition of new properties

As the Asset Manager is entrusted with asset management by five listed and private investment corporations, including the Investment Corporation and real estate funds other than the investment corporation (hereinafter “Other Funds, Etc.”), and as the Asset Manager remains an independent asset management company that does not belong to any particular group of real estate firms, developers, or the like, in relation to its real estate business, property information can be obtained from a number of sources, including real estate private funds, asset management companies of real estate investment corporations, financial institutions, real estate firms, real estate agents, business corporations, investors, and Daiwa Securities Group Inc. and its group companies. The Asset Manager will work to acquire new properties in a flexible manner by carefully selecting from the abundant property information obtained. At that time, the Asset Manager will consider investment in not only existing properties but also development projects using a bridge fund through joint efforts with Daiwa Securities Group Inc., the parent company of the Asset Manager.

In addition, the Asset Manager has concluded an advisory agreement with AIP Healthcare Japan GK, which implements an investment strategy that has been focused on the healthcare sector (hospitals and nursing care facilities) since 2001 and has been engaged in investment specializing in private nursing homes and other facilities for the elderly since 2008. Based on this agreement, the Asset Manager receives advice on information provision, management, and operation of healthcare facilities that are the investment assets of the Investment Corporation, collaboration with operators, etc.

The Asset Manager will seek to acquire new properties through use of various methods by carefully selecting properties from the following three perspectives.

- 1) Properties for which an arm’s length transaction is planned on rational grounds and properties with few competing bidders
- 2) Undervalued properties (with the high probability that the Investment Corporation could improve revenues after acquisition in terms of rent, occupancy rates, property-related expenses, etc.)
- 3) Properties not for sale (properties that are not brought on the market for sale)

When investing in rental housing, regionally diversified investment will be made in order to secure stable cash flows by mitigating risks associated with changes in local economies and rental markets, and with earthquakes, etc. The investment territory for rental housing will include the national capital region, ordinance-designated cities, prefectural capitals and other similar cities, and commuting areas around thereof, and diversified investment will be made throughout Japan by region. Diversified investment will also be made with different categories of rental housing in order to secure stable cash flows by mitigating risks associated with changes in the rental markets for each category of rental housing. The categories of rental housing for investment will be the studio type (Note 1) and the family type (Note 2). When investing in rental housing, comprehensive judgement will be made on a case-by-case basis based on an examination of investment value, whereby a full investigation is conducted in respect of expected earnings, site area and housing environment, construction and equipment specifications, earthquake-resisting capacity, related rights, building management conditions, environment, and geology, etc. of the relevant rental housing.

When investing in healthcare facilities, investment will be made mainly in healthcare facilities located in the three major metropolitan areas consisting of the greater Tokyo area (Note 3), the Chukyo area (Note 4), and the Kinki area (Note 5) where concentration of the entire population and the elderly population can be expected to secure medium- to long-term stable management, as well as in healthcare facilities located throughout Japan to diversify the risk of the portfolio. When investing in healthcare facilities, investment decisions will be made on a case-by-case basis based on comprehensive examination of (i) general factors including economic factors (such as economic and financial condition, and trends in financial and real estate markets), social factors (such as trends in the elderly population and the number of those certified for being eligible of long-term care), and administrative factors (such as nursing and medical insurance system and regulations on healthcare facilities supply); (ii) local factors of the surrounding area of the property (such as transportation accessibility, vicinity to retail and public facilities, and quality for residence; the same applies hereinafter); and (iii) factors for the individual property such as specifications of the building, the operator that is the lessee, facility occupancy status, and rent-paying capacity.

(Note 1) “Studio type” refers to residences in the 1R, 1K, 1DK, and 1LDK layouts.

(Note 2) “Family type” refers to residences in the 2K, 2DK, 2LDK, and above layouts.

(Note 3) “Greater Tokyo area” refers to Tokyo, Kanagawa, Chiba, and Saitama prefectures.

(Note 4) “Chukyo area” refers to Aichi, Mie, and Gifu prefectures.

(Note 5) “Kinki area” refers to Osaka, Kyoto, Hyogo, Nara, and Shiga prefectures.

b. Continuing to strengthen overall operations

i. Strategy for managing rental housing

For rental housing, the Asset Manager will continue to focus on maximizing rental income for each property by optimizing the downtime and rent based on a range of existing initiatives including the Management Policy by Property and by using the Daily Occupancy Forecasting System. In addition, the Asset Manager also pursues an increase in the rent for new contracts by setting fine-tuned rent conditions in light of the stable rental housing market in major metropolitan areas. With regard to property-related expenses, the Asset Manager will continue to work to reduce repair expenses and expenses for work to restore properties to their original state through the High-Cost Construction Approval Committee and to reduce utilities expenses by introducing LED lights and other measures.

The Asset Manager will respond individually to rent reduction and postponement of rent payment for some tenants due to the impact of the measures to prevent the spread of COVID-19.

ii. Strategy for managing healthcare facilities

In order for healthcare facilities to earn stable revenue and serve to maintain and enhance unitholder value, the Asset Manager continues to monitor operators as it regards the creditworthiness, operational capabilities, etc. of the operators operating the facilities as important factors in realizing stable occupancy. In addition, in order to avoid a decline in revenue due to prolonged vacancy periods resulting from the termination of lease agreements with operators, the Investment Corporation concluded an agreement on the backup of operations with the respective operators of its assets (excluding some of them). Going forward, considerations will also be made for the impact of COVID-19 by refraining from visiting facilities and instead conducting interviews and such through meetings using an online conferencing system with facility managers. When confirmed cases of COVID-19 are found within the facility, prompt action will be taken in cooperation with administrative organs to prevent the spread of infection.

c. Financial Strategy

In terms of debt financing, the Investment Corporation will seek to further extend borrowing periods, diversify due dates, and fix floating interest rates, and seek stable financing by continuing to work to maintain a solid bank formation. The Investment Corporation will continue considering the issuance of investment corporation bonds, while identifying trends in the financing environment and conditions such as the effect of reducing interest rates. Concerning the level of interest-bearing debt, the Investment Corporation will manage with the upper limit set at 60% in principle to take heed of securing financing capacity. The Investment Corporation will also consider equity financing, taking into comprehensive account the acquisition of new properties, total assets LTV, impact on distributions, and the financial market environment, etc.

d. Distributions Strategy

The Investment Corporation has been distributing profit after adding ¥67 million, which is a portion of the reserve for temporary difference adjustments, from the 23rd fiscal period ended September 30, 2017, as well as ¥11 million from the 30th fiscal period ended March 31, 2021.

To stabilize the level of distributions over the long term, the Investment Corporation may use the reserve for dividends and the reserve for temporary difference adjustments and add them to the above amount for distributions (Note).

(Note) This policy does not guarantee the method and amount, etc. of the reversal of reserve for temporary difference adjustments, because the policy may be changed by a resolution, etc. at a meeting of the Investment Corporation's Board of Directors in the future.

(2) Investment Risk

Disclosure is omitted because there are no material changes from the statement in the most recent semiannual securities report (submitted on December 23, 2020).

(3) Significant Events After the Closing of Accounts

A. Acquisition of Assets

The Investment Corporation acquired the assets for which purchase and sale agreements were concluded on October 21, 2020 as described below.

Property name	Asset type	Property type	Location	Acquisition price (thousand yen) (Note 1)	Appraisal value (thousand yen) (Note 2)	Acquisition date	Counterparty
Gran Casa Sumiyoshi (Note 3)	Real estate	Rental housing	Koto-ku, Tokyo	1,140,000	1,190,000	2021 April 14	(Note 5)
Gran Casa Ueno Ikenohata (Note 4)	Real estate	Rental housing	Taito-ku, Tokyo	1,420,000	1,470,000	2021 April 15	(Note 6)
Total	—	—	—	2,560,000	2,660,000	—	—

(Note 1) The amount (the trade price of the real estate recorded in the real estate purchase and sale contract) that does not include the expenses required for the acquisition of the real estate (intermediation fees, taxes and public dues, etc.) is stated.

(Note 2) The date of the appraisal value is March 31, 2021.

(Note 3) The property name of “(Temporary name) Mouri 1-chome PJ” was changed to “Gran Casa Sumiyoshi” on April 14, 2021. The same applies hereinafter.

(Note 4) The property name of “(Temporary name) L’GENTE Ueno Ikenohata” was changed to “Gran Casa Ueno Ikenohata” on April 15, 2021. The same applies hereinafter.

(Note 5) The counterparty is **Toueï Kensetsu Co., Ltd.**

(Note 6) The counterparty is Tokyu Livable, Inc.

B. Issuance of Investment Corporation Bonds

The Investment Corporation issued investment corporation bonds on April 28, 2021, to appropriate the funds for the redemption of investment corporation bonds due on June 15, 2021. Details are as follows.

Outline of the Investment Corporation Bonds

Issue date	April 28, 2021
Name	3rd Unsecured Investment Corporation Bonds of Daiwa Securities Living Investment Corporation (with special pari passu conditions among specified Investment Corporation Bonds)
Issue amount	¥3,000 million
Interest rate	0.590% (fixed rate)
Redemption date	April 28, 2031
Use of funds	The estimated net amount of ¥2,980 million, which is obtained by deducting the estimated amount of issuance expenses from the payment amount, is scheduled to be appropriated for the redemption of investment corporation bonds due on June 15, 2021 (scheduled repayment date: June 15, 2021).

(4) Earnings Outlook

The earnings outlook for the 31st fiscal period (from April 1, 2021 to September 30, 2021) and the 32nd fiscal period (from October 1, 2021 to March 31, 2022) is as follows. For the preconditions for this earnings outlook, please refer to “Preconditions for Earnings Forecast for the 31st Fiscal Period (from April 1, 2021 to September 30, 2021) and the 32nd Fiscal Period (from October 1, 2021 to March 31, 2022)” below.

(% figures indicate the percentage of increase (decrease) over the previous fiscal period)

	Operating revenue		Operating profit		Ordinary profit		Profit		Distribution per unit (excluding distribution in excess of earnings)	Distribution in excess of earnings per unit
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen	Yen
31st period	10,813	3.1	5,060	(0.8)	4,393	(1.4)	4,393	(1.4)	2,160	—
32nd period	10,880	0.6	5,104	0.9	4,430	0.8	4,429	0.8	2,160	—

(Reference) Expected earnings per unit (31st fiscal period): ¥2,061; Expected earnings per unit (32nd fiscal period): ¥2,078

(Note) The source of funds for payment of distributions for the 31st fiscal period is the amount of profit after adding reversal of reserve for temporary difference adjustments of ¥210 million and thus it differs from the amount of profit. The source of funds for payment of distributions for the 32nd fiscal period is the amount of profit after adding reversal of reserve for temporary difference adjustments of ¥174 million and thus it differs from the amount of profit.

<Preconditions for Earnings Forecast for the 31st Fiscal Period (from April 1, 2021 to September 30, 2021) and the 32nd Fiscal Period (from October 1, 2021 to March 31, 2022)>

Item	Preconditions
Dates	<ul style="list-style-type: none"> • 31st fiscal period: from April 1, 2021 to September 30, 2021 (183 days) • 32nd fiscal period: from October 1, 2021 to March 31, 2022 (182 days)
Portfolio assets	<ul style="list-style-type: none"> • The Investment Corporation assumes that from the real estate and real estate trust beneficiary interests it owns as of March 31, 2021, of 226 properties, there will be the following changes in the portfolio assets: <p>Assets already acquired and assets to be acquired (hereinafter, collectively referred as “Assets (to Be) Acquired”)</p> <ol style="list-style-type: none"> ① Gran Casa Sumiyoshi (acquired on April 14, 2021) ② Gran Casa Ueno Ikenohata (acquired on April 15, 2021) ③ Gran Casa Ueno Iriya (scheduled acquisition date: June 1, 2021) (Note 1) ④ Gran Casa Monzennakacho (scheduled acquisition date: August 3, 2021) (Note 2) ⑤ Gran Casa Magome II (scheduled acquisition date: September 1, 2021) (Note 3) <ul style="list-style-type: none"> • In light of the above assumptions, the portfolio assets will be the 231 properties as of the end of September 2021 and as of the end of March 2022. In practice, there may be fluctuations in the portfolio assets due to other property acquisitions or sales, etc.
Operating revenue	<ul style="list-style-type: none"> • Operating revenue is calculated under the above assumptions for portfolio assets. • No posting of gain on sale of real estate properties is expected for the 31st fiscal period and the 32nd fiscal period.
Operating expenses	<ul style="list-style-type: none"> • Operating expenses are calculated under the above assumptions for portfolio assets. • No posting of loss on sale of real estate properties is expected for the 31st fiscal period and the 32nd fiscal period. • Of the expenses related to leasing business, which are major operating expenses, expenses other than depreciation are calculated based on past results as well as materials provided by the previous owners, etc. of the assets to be acquired and by reflecting fluctuation factors of the expenses. • Management fees are assumed to be ¥446 million for the 31st fiscal period and ¥454 million for the 32nd fiscal period. • For the expenditures for repair of buildings, the amount required in the relevant fiscal period is estimated, and is assumed to be ¥414 million for the 31st fiscal period and ¥402 million for the 32nd fiscal period. Please note, however, the actual repair expenses could differ significantly from the estimated amount due to unexpected repair expenses possibly arising and other factors. • Taxes are assumed to be ¥694 million for the 31st fiscal period and the 32nd fiscal period. In general, property tax, city planning tax, etc. upon transactions of real estate, etc. are calculated on a pro-rata basis and reimbursed at the time of acquisition with the current owner, but the property tax, city planning tax, etc. for the fiscal year of acquisition borne by the Investment Corporation are included in the cost of acquisition and thus not recognized as expenses. Taxes on the assets to be acquired, etc. stated in portfolio assets above will be incurred starting from the 33rd fiscal period (ending September 2022) and taxes are expected to be ¥6 million. • Depreciation is calculated using the straight-line method, including incidental expenses and additional future capital expenditure, and is assumed to be ¥2,406 million for the 31st fiscal period and ¥2,423 million for the 32nd fiscal period.
Non-operating expenses	<ul style="list-style-type: none"> • Non-operating expenses are assumed to be ¥680 million for the 31st fiscal period and ¥679 million for the 32nd fiscal period and consist of the following: <ol style="list-style-type: none"> (1) Interest expenses and investment corporation bond interest of ¥521 million for the 31st fiscal period and ¥523 million for the 32nd fiscal period (2) Borrowing-related expenses of ¥144 million for the 31st fiscal period and ¥141 million for the 32nd fiscal period (3) Amortization of investment corporation bond issuance costs of ¥12 million for the 31st fiscal period and ¥11 million for the 32nd fiscal period (4) Other expenses of ¥3 million for the 31st fiscal period and the 32nd fiscal period
Interest-bearing debt	<ul style="list-style-type: none"> • The Investment Corporation has outstanding borrowings of ¥151,637 million and outstanding amount of investment corporation bonds issued of ¥20,100 million as of March 31, 2021, and it is assumed that such amounts will not change until the fiscal period ending March 2022. • The interest-bearing debt ratio is expected to be 51.2% at the end of both the 31st fiscal period and the 32nd fiscal period. • The interest-bearing debt ratio in the forecast is calculated using the following formula. Interest-bearing debt ratio = (Total interest-bearing debt / Total assets) x 100
Total number of investment units issued and outstanding	<ul style="list-style-type: none"> • The total number of investment units issued and outstanding is 2,131,546 units as of today. • Afterward, it is assumed there will be no change to this through to the end of the 32nd fiscal period.

Item	Preconditions
Distribution per unit	<ul style="list-style-type: none"> • Distribution per unit is based on the assumption that distribution will comply with the monetary distribution policy stipulated in the Articles of Incorporation. In addition, as a principle, it is calculated with the assumption that all of the profit in each business period will be distributed. • A total of ¥4,604 million (distribution per unit of ¥2,160), which is the amount obtained by adding the planned reversal of reserve for temporary difference adjustments of ¥210 million (¥98 per unit) to profit of ¥4,393 million (¥2,061 per unit), is assumed to be distributed for the 31st fiscal period. • A total of ¥4,604 million (distribution per unit of ¥2,160), which is the amount obtained by adding the planned reversal of reserve for temporary difference adjustments of ¥174 million (¥81 per unit) to profit of ¥4,429 million (¥2,078 per unit), is assumed to be distributed for the 32nd fiscal period. • Distribution per unit may change due to various factors including change of rental revenue alongside transfer of assets under management, transfer of tenants, etc. and unforeseen repairs. • Earnings per unit and distribution per unit for each business period are calculated using the expected total number of investment units issued and outstanding at the end of each period based on the above total number of investment units issued and outstanding.
Distribution in excess of earnings per unit	<ul style="list-style-type: none"> • At present, the Investment Corporation does not plan to make cash distribution in excess of earnings.
Other	<ul style="list-style-type: none"> • The forecast is based on the assumption that no revisions impacting the forecast figures above will be made to laws and regulations, the tax system, accounting standards, the listing rules, or the rules of The Investment Trusts Association, Japan, etc. • It is also assumed there will be no unexpected material change in general economic trends, the real estate market conditions, etc.

(Note 1) "(Temporary name) Iriya Project" was completed on February 8, 2021, and the property name is scheduled to be "Gran Casa Ueno Iriya."

(Note 2) "(Temporary name) Eitai Project" is scheduled to be completed in July 2021 and the property name is scheduled to be "Gran Casa Monzennakacho."

(Note 3) "(Temporary name) Nakamagome Project" is scheduled to be completed in July 2021 and the property name is scheduled to be "Gran Casa Magome II."

2. Financial Statements

(1) Balance Sheet

(Unit: thousand yen)

	29th period (as of September 30, 2020)	30th period (as of March 31, 2021)
Assets		
Current assets		
Cash and deposits	9,660,148	14,923,509
Cash and deposits in trust	2,550,211	2,976,743
Operating accounts receivable	172,770	233,229
Prepaid expenses	328,920	317,720
Consumption taxes receivable	170,369	—
Other	135	1
Allowance for doubtful accounts	(5,541)	(5,783)
Total current assets	12,877,015	18,445,420
Non-current assets		
Property, plant and equipment		
Buildings	92,540,701	93,625,831
Accumulated depreciation	(22,180,188)	(23,329,438)
Buildings, net	70,360,512	70,296,393
Structures	459,893	465,750
Accumulated depreciation	(240,916)	(254,812)
Structures, net	218,977	210,938
Machinery and equipment	427,927	431,353
Accumulated depreciation	(233,732)	(245,778)
Machinery and equipment, net	194,194	185,575
Tools, furniture and fixtures	828,567	899,200
Accumulated depreciation	(445,372)	(498,960)
Tools, furniture and fixtures, net	383,195	400,240
Land	74,927,498	76,247,579
Construction in progress	20,911	13,280
Buildings in trust	77,410,914	85,026,295
Accumulated depreciation	(6,896,219)	(7,986,888)
Buildings in trust, net	70,514,695	77,039,407
Structures in trust	812,479	903,869
Accumulated depreciation	(110,497)	(132,541)
Structures in trust, net	701,982	771,327
Machinery and equipment in trust	113,588	115,307
Accumulated depreciation	(40,828)	(44,958)
Machinery and equipment in trust, net	72,760	70,349
Tools, furniture and fixtures in trust	215,102	250,678
Accumulated depreciation	(66,444)	(87,220)
Tools, furniture and fixtures in trust, net	148,658	163,458
Land in trust	78,319,287	90,094,672
Total property, plant and equipment	295,862,672	315,493,222
Intangible assets		
Leasehold interests in land	546,283	546,283
Right to use water facilities	59	32
Land leasehold interests in trust	64,831	64,514
Trademark right	199	562
Total intangible assets	611,373	611,394

(Unit: thousand yen)

	29th period (as of September 30, 2020)	30th period (as of March 31, 2021)
Investments and other assets		
Leasehold and guarantee deposits	23,612	13,898
Long-term prepaid expenses	610,944	761,376
Reserve for repairs	175,287	168,088
Total investments and other assets	809,844	943,363
Total non-current assets	297,283,890	317,047,979
Deferred assets		
Investment corporation bond issuance costs	46,829	108,312
Total deferred assets	46,829	108,312
Total assets	310,207,735	335,601,712
Liabilities		
Current liabilities		
Operating accounts payable	833,985	399,151
Short-term borrowings	2,500,000	—
Current portion of investment corporation bonds	3,000,000	3,000,000
Current portion of long-term borrowings	19,214,000	13,700,000
Accounts payable - other	57,669	24,884
Accrued expenses	729,941	740,096
Income taxes payable	605	605
Accrued consumption tax	—	60,232
Advances received	721,672	799,896
Other	8,251	9,414
Total current liabilities	27,066,126	18,734,281
Non-current liabilities		
Investment corporation bonds	7,100,000	17,100,000
Long-term borrowings	120,873,000	137,937,000
Leasehold and guarantee deposits received	1,097,519	1,081,795
Leasehold and guarantee deposits received in trust	2,831,032	3,159,742
Asset retirement obligations	117,540	117,862
Other	5,341	4,348
Total non-current liabilities	132,024,433	159,400,749
Total liabilities	159,090,559	178,135,030
Net assets		
Unitholders' equity		
Unitholders' capital	117,715,634	124,110,336
Surplus		
Capital surplus	20,620,242	20,620,242
Voluntary retained earnings		
Reserve for dividends	376,191	875,895
Reserve for temporary difference adjustments	*2 6,272,078	*2 7,402,881
Total voluntary retained earnings	6,648,269	8,278,777
Unappropriated retained earnings (undisposed loss)	6,133,029	4,457,325
Total surplus	33,401,541	33,356,345
Total unitholders' equity	151,117,176	157,466,681
Total net assets	*1 151,117,176	*1 157,466,681
Total liabilities and net assets	310,207,735	335,601,712

(2) Statement of Income

(Unit: thousand yen)

	29th period (from April 1, 2020 to September 30, 2020)	30th period (from October 1, 2020 to March 31, 2021)
Operating revenue		
Leasing business revenue	*1 10,173,929	*1 10,487,682
Gain on sale of real estate properties	*2 1,471,328	-
Total operating revenue	11,645,257	10,487,682
Operating expenses		
Expenses related to leasing business	*1 4,580,475	*1 4,222,157
Loss on sale of real estate properties	*3 637,454	-
Asset management fees	716,100	744,500
Remuneration for directors (and other officers)	10,500	10,500
Asset custody fees	13,508	17,182
Administrative service fees	45,044	46,827
Audit fees	15,500	15,000
Merger expenses	393,709	-
Provision of allowance for doubtful accounts	2,428	709
Bad debt expenses	2	0
Other operating expenses	369,759	329,248
Total operating expenses	6,784,483	5,386,126
Operating profit	4,860,774	5,101,555
Non-operating income		
Interest income	8	10
Miscellaneous income	830,589	40,247
Total non-operating income	830,598	40,258
Non-operating expenses		
Interest expenses	447,420	476,751
Borrowing related expenses	175,404	157,608
Investment unit issuance expenses	28,972	39,075
Amortization of investment corporation bond issuance costs	6,680	8,232
Other	1,571	2,213
Total non-operating expenses	660,049	683,882
Ordinary profit	5,031,323	4,457,930
Extraordinary income		
Gain on bargain purchase	1,102,282	-
Total extraordinary income	1,102,282	-
Profit before income taxes	6,133,605	4,457,930
Income taxes - current	605	605
Total income taxes	605	605
Profit	6,133,000	4,457,325
Retained earnings brought forward	29	-
Unappropriated retained earnings (undisposed loss)	6,133,029	4,457,325

(3) Statement of Unitholders' Equity
29th period (from April 1, 2020 to September 30, 2020)

(Unit: thousand yen)

	Unitholders' equity							
	Unitholders' capital	Surplus						Total unitholders' equity
		Capital surplus	Voluntary retained earnings			Unappropriated retained earnings (undisposed loss)	Total surplus	
			Reserve for dividends	Reserve for temporary difference adjustments	Total voluntary retained earnings			
Balance at beginning of period	91,715,714	6,682,398	376,191	6,339,409	6,715,600	3,258,739	16,656,738	108,372,453
Changes during period								
Issuance of new investment units	25,999,919							25,999,919
Increase by merger		13,937,844					13,937,844	13,937,844
Reversal of reserve for temporary difference adjustments				(67,331)	(67,331)	67,331	—	—
Dividends of surplus						(3,326,041)	(3,326,041)	(3,326,041)
Profit						6,133,000	6,133,000	6,133,000
Net changes in items other than unitholders' equity								
Total changes during period	25,999,919	13,937,844	—	(67,331)	(67,331)	2,874,289	16,744,803	42,744,723
Balance at end of period	117,715,634	20,620,242	376,191	6,272,078	6,648,269	6,133,029	33,401,541	151,117,176

	Valuation and translation adjustments		Total net assets
	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at beginning of period	(3,362)	(3,362)	108,369,091
Changes during period			
Issuance of new investment units			25,999,919
Increase by merger			13,937,844
Reversal of reserve for temporary difference adjustments			—
Dividends of surplus			(3,326,041)
Profit			6,133,000
Net changes in items other than unitholders' equity	3,362	3,362	3,362
Total changes during period	3,362	3,362	42,748,085
Balance at end of period	—	—	151,117,176

30th period (from October 1, 2020 to March 31, 2021)

(Unit: thousand yen)

	Unitholders' equity							
	Unitholders' capital	Surplus						Total unitholders equity
		Capital surplus	Voluntary retained earnings			Unappropriated retained earnings (undisposed loss)	Total surplus	
			Reserve for dividends	Reserve for temporary difference adjustments	Total voluntary retained earnings			
Balance at beginning of period	117,715,634	20,620,242	376,191	6,272,078	6,648,269	6,133,029	33,401,541	151,117,176
Changes during period								
Issuance of new investment units	6,394,701							6,394,701
Provision of reserve for dividends			499,704		499,704	(499,704)	—	—
Provision of reserve for temporary difference adjustments				1,198,134	1,198,134	(1,198,134)	—	—
Reversal of reserve for temporary difference adjustments				(67,331)	(67,331)	67,331	—	—
Dividends of surplus						(4,502,521)	(4,502,521)	(4,502,521)
Profit						4,457,325	4,457,325	4,457,325
Net changes in items other than unitholders' equity								
Total changes during period	6,394,701	—	499,704	1,130,803	1,630,507	(1,675,703)	(45,195)	6,349,505
Balance at end of period	124,110,336	20,620,242	875,895	7,402,881	8,278,777	4,457,325	33,356,345	157,466,681

	Valuation and translation adjustments		Total net assets
	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at beginning of period	—	—	151,117,176
Changes during period			
Issuance of new investment units			6,394,701
Provision of reserve for dividends			—
Provision of reserve for temporary difference adjustments			—
Reversal of reserve for temporary difference adjustments			—
Dividends of surplus			(4,502,521)
Profit			4,457,325
Net changes in items other than unitholders' equity	—	—	—
Total changes during period	—	—	6,349,505
Balance at end of period	—	—	157,466,681

(4) Statement of Cash Distributions

Item	29th period (from April 1, 2020 to September 30, 2020)	30th period (from October 1, 2020 to March 31, 2021)
I Unappropriated retained earnings	¥6,133,029,709	¥4,457,325,960
II Reversal of voluntary retained earnings		
Reversal of reserve for temporary difference adjustments	*1 ¥67,331,221	*1 ¥146,813,400
III Amount of distributions	¥4,502,521,740	¥4,604,139,360
[Amount of distribution per investment unit]	[¥2,190]	[¥2,160]
IV Voluntary retained earnings		
Provision of reserve for dividends	¥499,704,622	—
Provision of reserve for temporary difference adjustments	¥1,198,134,568	—
V Retained earnings carried forward	—	—
Method for calculating the amount of distributions	The cash distribution policy set out in Article 15, Paragraph 1 of the Articles of Incorporation of the Investment Corporation stipulates that the amount of distributions shall exceed the amount equivalent to 90% of “earnings available for distribution” as provided for in Article 67-15 of the Special Taxation Measures Act. Based on this policy, the decision was made to distribute, as a distribution of earnings, ¥4,502,521,740, the maximum integral multiple of the 2,055,946 investment units issued and an amount not exceeding the amount obtained by subtracting ¥499,704,622 for provision of reserve for dividends and ¥1,198,134,568 for provision of reserve for temporary difference adjustments from, and adding ¥67,331,221 for reversal of reserve for temporary difference adjustments to ¥6,133,029,709 of unappropriated retained earnings. The cash distribution in excess of earnings set out in Article 15, Paragraph 3 of the Articles of Incorporation of the Investment Corporation will not take place.	The cash distribution policy set out in Article 15, Paragraph 1 of the Articles of Incorporation of the Investment Corporation stipulates that the amount of distributions shall exceed the amount equivalent to 90% of “earnings available for distribution” as provided for in Article 67-15 of the Special Taxation Measures Act. Based on this policy, the decision was made to distribute, as a distribution of earnings, ¥4,604,139,360, the maximum integral multiple of the 2,131,546 investment units issued and an amount not exceeding the amount obtained by adding ¥146,813,400 of reversal of reserve for temporary difference adjustments to ¥4,457,325,960 of unappropriated retained earnings. The cash distribution in excess of earnings set out in Article 15, Paragraph 3 of the Articles of Incorporation of the Investment Corporation will not take place.

(5) Statement of Cash Flows

(Unit: thousand yen)

	29th period (from April 1, 2020 to September 30, 2020)	30th period (from October 1, 2020 to March 31, 2021)
Cash flows from operating activities		
Profit before income taxes	6,133,605	4,457,930
Depreciation	2,288,750	2,367,063
Amortization of long-term prepaid expenses	109,994	118,389
Amortization of investment corporation bond issuance costs	6,680	8,232
Gain on bargain purchase	(1,102,282)	-
Interest income	(8)	(10)
Interest expenses	447,420	476,751
Increase (decrease) in allowance for doubtful accounts	976	242
Decrease (increase) in operating accounts receivable	69,817	(60,459)
Decrease (increase) in prepaid expenses	(47,823)	21,296
Decrease (increase) in consumption taxes refund receivable	(113,179)	170,369
Increase (decrease) in operating accounts payable	482,392	(453,973)
Increase (decrease) in accrued consumption taxes	(1,264)	60,232
Increase (decrease) in accounts payable - other	(269,462)	(30,772)
Increase (decrease) in accrued expenses	278,127	(8,908)
Increase (decrease) in advances received	253,207	78,224
Decrease in property, plant and equipment due to sale	11,676,275	-
Decrease in property, plant and equipment in trust due to sale	975,088	-
Long-term prepaid expenses paid	(331,393)	(278,917)
Other	(23,954)	(14,606)
Subtotal	20,832,967	6,911,084
Interest received	8	10
Interest paid	(442,419)	(459,775)
Income taxes paid	(1,328)	(605)
Net cash provided by (used in) operating activities	20,389,228	6,450,714
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(3,041,293)	(2,429,849)
Purchase of property, plant and equipment in trust	(66,321,915)	(19,532,239)
Purchase of intangible assets in trust	(26,392)	-
Purchase of intangible assets	-	(381)
Refund of leasehold and guarantee deposits received	(206,144)	(71,824)
Proceeds from leasehold and guarantee deposits received	86,748	69,026
Refund of leasehold and guarantee deposits received in trust	(1,731,407)	(53,354)
Proceeds from leasehold and guarantee deposits received in trust	3,391,543	385,754
Net cash provided by (used in) investing activities	(67,848,860)	(21,632,868)
Net cash provided by (used in) financing activities		
Proceeds from issuance of investment corporation bonds	-	10,000,000
Redemption of investment corporation bonds	(1,700,000)	-
Proceeds from short-term borrowings	-	870,000
Repayments of short-term borrowings	-	(3,370,000)
Proceeds from long-term borrowings	38,349,000	20,564,000
Repayments of long-term borrowings	(9,349,000)	(9,014,000)
Proceeds from issuance of investment units	25,999,919	6,394,701
Payment of investment corporation bond issuance costs	-	(69,714)
Distributions paid	(3,322,752)	(4,502,940)
Net cash provided by (used in) financing activities	49,977,167	20,872,046
Net increase (decrease) in cash and cash equivalents	2,517,534	5,689,892
Cash and cash equivalents at beginning of period	7,946,170	12,210,360
Increase in cash and cash equivalents resulting from merger	1,746,654	-
Cash and cash equivalents at end of period	*1 12,210,360	*1 17,900,252

(6) Notes on the Going Concern Assumption
Not applicable.

(7) Notes on Matters Concerning Significant Accounting Policies

1. Method of depreciation of non-current assets

① Property, plant and equipment (including trust accounts)

Depreciation of property, plant and equipment is calculated on a straight-line basis over the estimated useful lives of the assets as stated below.

Buildings	1–69 years
Structures	4–60 years
Machinery and equipment	6–24 years
Tools, furniture and fixtures	2–21 years

② Intangible assets

Depreciation of intangible assets is calculated on a straight-line basis.

③ Long-term prepaid expenses

Depreciation of long-term prepaid expenses is calculated on a straight-line basis.

2. Accounting for deferred assets

① Investment unit issuance expenses

The entire amount is expensed when incurred.

② Investment corporation bond issuance costs

Investment corporation bond issuance costs are amortized equally over the period up to the redemption of the investment corporation bonds.

3. Standards for recognition of allowances

Allowance for doubtful accounts

Allowance for doubtful accounts is provided in the amount considered sufficient to cover possible bad debt expenses on receivables based on a case-by-case examination of collectability for doubtful and other specific receivables.

4. Standards for recognition of revenues and expenses

Accounting for property tax, etc.

Properties are subject to various taxes, such as property tax, city planning tax, and depreciable assets tax. The owner of properties is registered in a record maintained by the local government in each jurisdiction, and the taxes are imposed on the owner registered in the record as of January 1 based on an assessment made by the local government.

When a property is purchased before January 1 of any given calendar year, such taxes for the previous year are imposed on the seller. The Investment Corporation pays the seller the corresponding tax amounts for the period from the property's transfer date to December 31 of the previous year as part of the purchase prices of each property and capitalizes these amounts as part of the cost of the property. The Investment Corporation expenses the taxes imposed on such properties as expenses related to leasing business every calendar year when incurred.

5. Method of hedge accounting

① Method of hedge accounting

In principle, the deferred hedge method is used. In cases where the interest swaps meet conditions for special treatment, special treatment is adopted.

② Hedging instruments and hedged items

Hedging instruments: Interest rate swap transactions

Hedged items: Interest on borrowings

③ Hedging policy

The Investment Corporation conducts derivative transactions to hedge risks set out in the Articles of Incorporation pursuant to the financial policy.

④ Method for assessing the effectiveness of hedging

The effectiveness of hedging is assessed by comparing the cumulative changes in cash flows of the hedged items and the cumulative changes in cash flows of the hedging instruments, and examining the ratio of the amount of change in both. However, evaluation of effectiveness is omitted in the case of interest rate swaps with special treatment.

6. Scope of funds on the Statement of Cash Flows

The funds (cash and cash equivalents) on the Statement of Cash Flows consist of cash on hand, cash held in trust, deposits that can be withdrawn at any time, deposits held in trust, and short-term investments, with a maturity of 3 months or less from the date of acquisition, which are readily convertible to cash and bear only an insignificant risk of value fluctuation.

7. Other significant matters serving as the basis for preparing financial statements

(1) Accounting for trust beneficiary interests in real estate

For trust beneficiary interests in real estate, all trust assets and liabilities as well as all income generated and expenses incurred in trusts are recorded in the relevant accounts on the Balance Sheet and the Statement of Income.

The following material items of the trust accounts recorded in the relevant accounts are separately listed on the Balance Sheet.

- a. Cash and deposits in trust
- b. Buildings in trust; Structures in trust; Machinery and equipment in trust; Tools, furniture and fixtures in trust; Land in trust; Construction in progress in trust
- c. Land leasehold interests in trust
- d. Leasehold and guarantee deposits received in trust

(2) Accounting for consumption taxes

The accounting for consumption taxes is tax exclusive, with the exception of fixed assets and deferred assets in which case it is tax inclusive.

(8) Notes to Financial Statements

(Notes to Balance Sheet)

*1. Minimum net assets as provided in Article 67, Paragraph 4 of the Act on Investment Trusts and Investment Corporations
¥50,000 thousand

*2. Matters concerning provision and reversal of reserve for temporary difference adjustments
29th period (as of September 30, 2020)

(Unit: thousand yen)

	Initial amount	Balance at beginning of period	Provision during period	Reversal during period	Balance at end of period	Reason for provision/reversal
Reserve for dividends (Note)	6,733,122	6,339,409	—	(67,331)	6,272,078	Appropriation to the distribution

(Note) The amount is the remaining balance of the amount subdivided into gain on bargain purchase recorded in prior fiscal years. The Investment Corporation plans to reverse an amount equivalent to the averaged amount for 50 years or more, in each fiscal period, starting with the fiscal period ended September 2017.

30th period (as of March 31, 2021)

(Unit: thousand yen)

	Initial amount	Balance at beginning of period	Provision during period	Reversal during period	Balance at end of period	Reason for provision/reversal
Reserve for dividends (Note 1)	6,733,122	6,272,078	—	67,331	6,204,747	Appropriation to the distribution
Part of the discrepancy between taxation and accounting in excess of earnings due to gain on bargain purchase (Note 2)	1,198,134	—	1,198,134	—	1,198,134	Accumulated part of the discrepancy between taxation and accounting in excess of earnings in the statements of cash distributions for the fiscal period ended September 2020
Total	7,931,256	6,272,078	1,198,134	67,331	7,402,881	

(Note 1) The amount is the remaining balance of the amount subdivided into gain on bargain purchase recorded in prior fiscal years. The Investment Corporation plans to reverse an amount equivalent to the averaged amount for 50 years or more, in each fiscal period, starting with the fiscal period ended September 2017.

(Note 2) The amount is the accumulation of a portion of the discrepancy between taxation and accounting in excess of earnings due to gain on bargain purchase, and the Investment Corporation plans to reverse an amount equivalent to the averaged amount for 50 years or more, in each fiscal period, starting with the fiscal period ended March 2021.

(Notes to Statement of Income)

*1. Leasing business revenue and expenses related to leasing business consisted of the following:

	29th period from April 1, 2020 to September 30, 2020	30th period from October 1, 2020 to March 31, 2021
A. Leasing business revenue		
Rent income	¥9,036,757 thousand	¥9,328,577 thousand
Common area charges	¥453,126 thousand	¥468,404 thousand
Parking revenue	¥284,149 thousand	¥291,070 thousand
Incidental revenue	¥59,005 thousand	¥72,394 thousand
Other leasing business revenue	¥340,890 thousand	¥327,234 thousand
Total	¥10,173,929 thousand	¥10,487,682 thousand
B. Expenses related to leasing business		
Management fees	¥446,329 thousand	¥466,136 thousand
Taxes	¥529,566 thousand	¥529,453 thousand
Utilities expenses	¥122,574 thousand	¥138,649 thousand
Repair expenses	¥863,381 thousand	¥380,699 thousand
Insurance expenses	¥17,185 thousand	¥18,041 thousand
Advertising expenses	¥184,982 thousand	¥213,382 thousand
Trust fees	¥20,331 thousand	¥19,413 thousand
Depreciation	¥2,288,428 thousand	¥2,366,741 thousand
Other expenses related to leasing business	¥107,695 thousand	¥89,639 thousand
Total	¥4,580,475 thousand	¥4,222,157 thousand
C. Net profit on operations of rental properties (A - B)	¥5,593,454 thousand	¥6,265,524 thousand

*2. Gain on sale of real estate properties consisted of the following:

29th period (from April 1, 2020 to September 30, 2020)

(Unit: thousand yen)	
willDo Koshigaya	
Revenue from sale of real estate	576,464
Cost of sale of real estate	422,407
Other selling expenses	6,049
Gain on sale of real estate	148,007
willDo Hibino	
Revenue from sale of real estate	312,009
Cost of sale of real estate	267,059
Other selling expenses	4,132
Gain on sale of real estate	40,817
willDo Niiza	
Revenue from sale of real estate	586,816
Cost of sale of real estate	541,678
Other selling expenses	6,558
Gain on sale of real estate	38,579
willDo Inaei	
Revenue from sale of real estate	650,796
Cost of sale of real estate	527,371
Other selling expenses	8,142
Gain on sale of real estate	115,283
willDo Yokkaichi Unomori	
Revenue from sale of real estate	565,335
Cost of sale of real estate	420,337
Other selling expenses	7,128
Gain on sale of real estate	137,869
Abreast Sakuragawa	
Revenue from sale of real estate	508,329
Cost of sale of real estate	338,123
Other selling expenses	5,537
Gain on sale of real estate	164,669
Prospect Bishoen	
Revenue from sale of real estate	331,152
Cost of sale of real estate	247,554
Other selling expenses	4,410
Gain on sale of real estate	79,187

(Unit: thousand yen)	
Iruma-ekimae Building	
Revenue from sale of real estate	1,734,109
Cost of sale of real estate	1,556,009
Other selling expenses	15,361
Gain on sale of real estate	162,739
Chez Moi Sakuragaoka	
Revenue from sale of real estate	636,037
Cost of sale of real estate	614,311
Other selling expenses	7,097
Gain on sale of real estate	14,628
Chigasaki Daikan Plaza	
Revenue from sale of real estate	484,573
Cost of sale of real estate	455,789
Other selling expenses	5,735
Gain on sale of real estate	23,048
Prospect Katsura	
Revenue from sale of real estate	482,000
Cost of sale of real estate	433,488
Other selling expenses	6,289
Gain on sale of real estate	42,222
willDo Kita 24 jo	
Revenue from sale of real estate	287,558
Cost of sale of real estate	262,651
Other selling expenses	4,734
Gain on sale of real estate	20,173
willDo Nishishitadaicho	
Revenue from sale of real estate	595,716
Cost of sale of real estate	457,023
Other selling expenses	7,814
Gain on sale of real estate	130,878
Living Stage Higashi-Sendai	
Revenue from sale of real estate	364,620
Cost of sale of real estate	282,610
Other selling expenses	5,529
Gain on sale of real estate	76,479
Living Stage Minami-Sendai	
Revenue from sale of real estate	223,497
Cost of sale of real estate	145,125
Other selling expenses	4,661
Gain on sale of real estate	73,710

(Unit: thousand yen)

Takasagoseki Nibankan

Revenue from sale of real estate	760,839
Cost of sale of real estate	547,352
Other selling expenses	10,453
Gain on sale of real estate	203,033

30th period (from October 1, 2020 to March 31, 2021)

Not applicable.

*3. Loss on sale of real estate properties consisted of the following:

29th period (from April 1, 2020 to September 30, 2020)

(Unit: thousand yen)

Site Pia

Revenue from sale of real estate	457,728
Cost of sale of real estate	476,323
Other selling expenses	5,786
Loss on sale of real estate	24,381

Excelsior Sakae

Revenue from sale of real estate	546,951
Cost of sale of real estate	591,334
Other selling expenses	6,584
Loss on sale of real estate	50,967

Iruma-ekimae Building No. II

Revenue from sale of real estate	651,705
Cost of sale of real estate	755,099
Other selling expenses	9,394
Loss on sale of real estate	112,787

Corinne Tsudanuma

Revenue from sale of real estate	349,277
Cost of sale of real estate	380,280
Other selling expenses	4,668
Loss on sale of real estate	35,671

Winbell Chorus Hiratsuka No. 13

Revenue from sale of real estate	359,586
Cost of sale of real estate	455,823
Other selling expenses	5,118
Loss on sale of real estate	101,354

Gran Casa Minami 13jo

Revenue from sale of real estate	408,387
Cost of sale of real estate	445,956
Other selling expenses	6,446
Loss on sale of real estate	44,015

(Unit: thousand yen)

Gran Casa Minami9jo	
Revenue from sale of real estate	463,965
Cost of sale of real estate	514,094
Other selling expenses	7,485
Loss on sale of real estate	57,614
Grand Maison Shichifuku	
Revenue from sale of real estate	301,396
Cost of sale of real estate	324,523
Other selling expenses	4,582
Loss on sale of real estate	27,709
Royal Garden Shinrin Koen	
Revenue from sale of real estate	281,877
Cost of sale of real estate	354,463
Other selling expenses	5,120
Loss on sale of real estate	77,706
Green Park Komatsujima	
Revenue from sale of real estate	423,502
Cost of sale of real estate	480,039
Other selling expenses	6,661
Loss on sale of real estate	63,198
Dia Palace Izumizaki	
Revenue from sale of real estate	317,903
Cost of sale of real estate	354,531
Other selling expenses	5,418
Loss on sale of real estate	42,046

30th period (from October 1, 2020 to March 31, 2021)
Not applicable.

(Notes to Statement of Unitholders' Equity)

	29th period (from April 1, 2020 to September 30, 2020)	30th period (from October 1, 2020 to March 31, 2021)
Total number of investment units authorized and total number of investment units issued and outstanding		
Total number of investment units authorized	5,000,000 units	5,000,000 units
Total number of investment units issued and outstanding	2,055,946 units	2,131,546 units

(Notes to Statement of Cash Distributions)

*1. Reserve for temporary difference adjustments

29th period (from April 1, 2020 to September 30, 2020)

By application of the transitional measures stipulated in Paragraph 3 of Supplementary Provisions of Ordinance on Accountings of Investment Corporations (Cabinet Office Ordinance No. 27 of 2015), ¥6,733,122,069 of reserve for dividends that is the remaining balance of the amount subdivided into gain on bargain purchase recorded in prior fiscal years is reserved as reserve for temporary difference adjustments on the Statement of Cash Distributions for the fiscal period ended March 2017. Starting from the fiscal period ended September 2017 (the fiscal year following the fiscal year in which the reserve was made), the Investment Corporation is required to reverse the amount equivalent to the averaged amount for 50 years of the balance at the time of provision or more (¥67,331,221 or more) in each fiscal period, and thus reversed ¥67,331,221 in the fiscal period ended September 2020.

Of the discrepancy between taxation and accounting in excess of earnings (refers to the discrepancy between taxation and accounting where the amount obtained by deducting the total amount of expenses, etc. from the total amount of revenues, etc. exceeds the amount obtained by deducting the amount of deductible expenses from the amount of gross profit) arising in the 29th period, ¥1,198,134,568 is reserved as reserve for temporary difference adjustments. Starting from the fiscal year following the fiscal year in which the reserve was made, the Investment Corporation plans to reverse the reserve within 50 years in the amount equivalent to the averaged amount or more (¥11,981,346 or more) in each fiscal period.

30th period (from October 1, 2020 to March 31, 2021)

By application of the transitional measures stipulated in Paragraph 3 of Supplementary Provisions of Ordinance on Accountings of Investment Corporations (Cabinet Office Ordinance No. 27 of 2015), ¥6,733,122,069 of reserve for dividends that is the remaining balance of the amount subdivided into gain on bargain purchase recorded in prior fiscal years is reserved as reserve for temporary difference adjustments on the Statement of Cash Distributions for the fiscal period ended March 2017. Starting from the fiscal period ended September 2017 (the fiscal year following the fiscal year in which the reserve was made), the Investment Corporation is required to reverse the amount equivalent to the averaged amount for 50 years of the balance at the time of provision or more (¥67,331,221 or more) in each fiscal period, and thus reversed ¥134,832,054 in the fiscal period ended March 2021.

Of the discrepancy between taxation and accounting in excess of earnings (refers to the discrepancy between taxation and accounting where the amount obtained by deducting the total amount of expenses, etc. from the total amount of revenues, etc. exceeds the amount obtained by deducting the amount of deductible expenses from the amount of gross profit) arising in the fiscal period ended September 2020, ¥1,198,134,568 is reserved as reserve for temporary difference adjustments. Starting from the fiscal period ended March 2021 (the fiscal year following the fiscal year in which the reserve was made), the Investment Corporation is required to reverse the amount equivalent to the averaged amount (¥11,981,346 or more) in each fiscal period within 50 years, and thus reversed ¥11,981,346 in the fiscal period ended March 2021.

(Notes to Statement of Cash Flows)

* 1. Reconciliation of cash and cash equivalents at the end of the fiscal period with the amount of the accounts on the Balance Sheet was as follows:

	29th period (from April 1, 2020 to September 30, 2020)	30th period (from October 1, 2020 to March 31, 2021)
Cash and deposits	¥9,660,148 thousand	¥14,923,509 thousand
Cash and deposits in trust	¥2,550,211 thousand	¥2,976,743 thousand
Cash and cash equivalents	¥12,210,360 thousand	¥17,900,252 thousand

* 2. Contents of material non-cash transactions

29th period (from April 1, 2020 to September 30, 2020)

The main breakdown of assets and liabilities succeeded from Nippon Healthcare Investment Corporation as a result of the merger in the 29th period was as follows:

The increase in capital surplus by the merger was ¥13,937,844 thousand.

Current assets	¥1,747,102 thousand
Non-current assets	¥24,251,000 thousand
Total assets	¥25,998,102 thousand

Current liabilities	¥3,400,523 thousand
Non-current liabilities	¥7,557,452 thousand
Total liabilities	¥10,957,975 thousand

Amount of material asset retirement obligations newly recorded

Amount of material asset retirement obligations: ¥117,540 thousand

30th period (from October 1, 2020 to March 31, 2021)

Not applicable.

(Notes on Related-Party Transactions)

1. Parent company, major corporate unitholder, etc.

29th period (from April 1, 2020 to September 30, 2020)

Type	Name	Location	Capital stock or investments in capital (billion yen)	Description of business or occupation	Percentage of voting rights, etc. held in (by) related party (%)	Relationship with related party	Description of transaction	Amount of transaction (thousand yen) (Note 2)	Account item	Balance at the end of the period (thousand yen)
Major unitholder	Daiwa Securities Group Inc.	Chiyoda-ku, Tokyo	247.3	(Note 1)	15.73	Major unitholder	Leasing business revenue, etc.	14,261	Operating accounts receivable	—
									Advances received	2,530
									Leasehold and guarantee deposits received	2,370
									Leasehold and guarantee deposits received in trust	607

(Note 1) The description of business or occupation is the ownership, management and control of shares in companies operating financial instruments businesses.

(Note 2) Of the amounts above, the amount of transaction does not include consumption tax, etc.

30th period (from October 1, 2020 to March 31, 2021)

Type	Name	Location	Capital stock or investments in capital (billion yen)	Description of business or occupation	Percentage of voting rights, etc. held in (by) related party (%)	Relationship with related party	Description of transaction	Amount of transaction (thousand yen) (Note 2)	Account item	Balance at the end of the period (thousand yen)
Major unitholder	Daiwa Securities Group Inc.	Chiyoda-ku, Tokyo	247.3	(Note 1)	15.73	Major unitholder	Leasing business revenue, etc.	14,544	Operating accounts receivable	—
									Advances received	2,465
									Leasehold and guarantee deposits received	2,330
									Leasehold and guarantee deposits received in trust	647

(Note 1) The description of business or occupation is the ownership, management and control of shares in companies operating financial instruments businesses.

(Note 2) Of the amounts above, the amount of transaction does not include consumption tax, etc.

2. Subsidiary, etc.

Not applicable for the 29th period and 30th period.

3. Fellow subsidiary, etc.

29th period (from April 1, 2020 to September 30, 2020)

Type	Name	Location	Capital stock or investments in capital (thousand yen)	Description of business or occupation	Percentage of voting rights, etc. held in (by) related party (%)	Relationship with related party	Description of transaction	Amount of transaction (thousand yen) (Note 1)	Account item	Balance at the end of the period (thousand yen) (Note 1)
Subsidiary of major unitholder	Daiwa Securities Co. Ltd.	Chiyoda-ku, Tokyo	(Note 2)	(Note 3)	0.02	Counterparty to interest rate swap transaction	Amount of payment for interest rate swap transaction	2,061	Accrued expenses	130
						Investment unit handling agent	Investment unit offering handling agent fees	1,000	—	—
Subsidiary of major unitholder	Good Time Living Co. Ltd.	Chiyoda-ku, Tokyo	50,000	Operation of fee-based homes for the elderly, etc.	0.49	Healthcare facility renter and operator	Leasing business revenue, etc.	1,186,393	Advances received	200,116
									Leasehold and guarantee deposits received in trust	1,196,935
Subsidiary of major unitholder	G.K. DA Healthcare 2	Minato-ku, Tokyo	300	Investment management	—	Seller of real estate trust beneficiary interests	Purchase of real estate trust beneficiary interests (Note 4) (Note 5)	2,970,500	—	—
Subsidiary of major unitholder	G.K. DA Healthcare 3	Minato-ku, Tokyo	300	Investment management	—	Seller of real estate trust beneficiary interests	Purchase of real estate trust beneficiary interests (Note 4) (Note 5)	8,150,000	—	—
Subsidiary of major unitholder	G.K. DA Healthcare 4	Minato-ku, Tokyo	300	Investment management	—	Seller of real estate trust beneficiary interests	Purchase of real estate trust beneficiary interests (Note 4) (Note 5)	3,569,307	—	—
Subsidiary of major unitholder	G.K. DA Healthcare 5	Minato-ku, Tokyo	300	Investment management	—	Seller of real estate trust beneficiary interests	Purchase of real estate trust beneficiary interests (Note 4) (Note 5)	3,380,000	—	—
Subsidiary of major unitholder	G.K. DA Healthcare 6	Minato-ku, Tokyo	300	Investment management	—	Seller of real estate trust beneficiary interests	Purchase of real estate trust beneficiary interests (Note 4) (Note 5)	2,271,195	—	—
Subsidiary of major unitholder	G.K. DA Healthcare 7	Minato-ku, Tokyo	200	Investment management	—	Seller of real estate trust beneficiary interests	Purchase of real estate trust beneficiary interests (Note 4) (Note 5)	1,202,000	—	—
Subsidiary of major unitholder	G.K. GTL Healthcare	Chuo-ku, Tokyo	400	Investment management	—	Seller of real estate trust beneficiary interests	Purchase of real estate trust beneficiary interests (Note 4) (Note 5)	41,117,000	—	—
Subsidiary of major unitholder	G.K. Rocky Gate One	Chuo-ku, Tokyo	100	Investment management	—	Buyer of real estate	Sale of real estate (Note 4) (Note 6)	1,153,000	—	—
Subsidiary of major unitholder	G.K. Rocky Gate Two	Chuo-ku, Tokyo	100	Investment management	—	Buyer of real estate	Sale of real estate (Note 4) (Note 6)	1,504,000	—	—
Subsidiary of major unitholder	G.K. Rocky Gate Three	Chuo-ku, Tokyo	100	Investment management	—	Buyer of real estate	Sale of real estate (Note 4) (Note 6)	563,000	—	—
Subsidiary of major unitholder	G.K. Rocky Gate Four	Chuo-ku, Tokyo	100	Investment management	—	Buyer of real estate	Sale of real estate (Note 4) (Note 6)	837,000	—	—

Type	Name	Location	Capital stock or investments in capital (thousand yen)	Description of business or occupation	Percentage of voting rights, etc. held in (by) related party (%)	Relationship with related party	Description of transaction	Amount of transaction (thousand yen) (Note 1)	Account item	Balance at the end of the period (thousand yen) (Note 1)
Subsidiary of major unitholder	G.K. Rocky Gate Five	Chuo-ku, Tokyo	100	Investment management	—	Buyer of real estate	Sale of real estate (Note 4) (Note 6)	1,014,000	—	—
Subsidiary of major unitholder	G.K. Rocky Gate Six	Chuo-ku, Tokyo	100	Investment management	—	Buyer of real estate	Sale of real estate (Note 4) (Note 6)	580,000	—	—
Subsidiary of major unitholder	G.K. Rocky Gate Seven	Chuo-ku, Tokyo	100	Investment management	—	Buyer of real estate	Sale of real estate (Note 4) (Note 6)	1,160,000	—	—
Subsidiary of major unitholder	G.K. Rocky Gate Eight	Chuo-ku, Tokyo	100	Investment management	—	Buyer of real estate	Sale of real estate (Note 4) (Note 6)	480,000	—	—
Subsidiary of major unitholder	G.K. Rocky Gate Nine	Chuo-ku, Tokyo	100	Investment management	—	Buyer of real estate	Sale of real estate (Note 4) (Note 6)	1,189,000	—	—
Subsidiary of major unitholder	G.K. Rocky Gate Ten	Chuo-ku, Tokyo	100	Investment management	—	Buyer of real estate	Sale of real estate (Note 4) (Note 6)	316,000	—	—
Subsidiary of major unitholder	Nozomi Finance & Consulting Co. Ltd.	Chuo-ku, Tokyo	100,000	Investment management	—	Buyer of real estate trust beneficiary interests	Sale of real estate trust beneficiary interests (Note 4) (Note 6)	1,342,000	—	—
Subsidiary of major unitholder	G.K. Nemophila	Chuo-ku, Tokyo	3,000	Investment management	—	Buyer of real estate	Sale of real estate (Note 4) (Note 6)	3,468,000	—	—

(Note 1) Of the amounts above, the amount of transaction does not include consumption tax, etc., and the balance at the end of the period includes consumption tax, etc.

(Note 2) Share capital is ¥100 billion yen.

(Note 3) The description of business or occupation is the purchase and sale of securities, etc., the intermediation, brokerage or agency for the purchase and sale of securities, etc., the underwriting of securities, etc., and other financial instruments businesses and businesses incidental thereto.

(Note 4) The terms and conditions of transactions with interested persons or other close affiliates were determined based on the internal rules on dealings with interested parties of the Asset Manager.

(Note 5) The amount of transaction for the purchase of real estate trust beneficiary interests stated above does not include acquisition expenses, adjustments to property tax and city planning tax, and consumption tax, etc.

(Note 6) The amount of transaction for the sale of real estate or the sale of real estate trust beneficiary interests stated above does not include disposition expenses, adjustments to property tax and city planning tax, and consumption tax, etc.

(Note 7) The terms and conditions of transactions were determined based on market conditions.

30th period (from October 1, 2020 to March 31, 2021)

Type	Name	Location	Capital stock or investments in capital (thousand yen)	Description of business or occupation	Percentage of voting rights, etc. held in (by) related party (%)	Relationship with related party	Description of transaction	Amount of transaction (thousand yen) (Note 1)	Account item	Balance at the end of the period (thousand yen) (Note 1)
Subsidiary of major unitholder	Daiwa Securities Co. Ltd.	Chiyoda-ku, Tokyo	(Note 2)	(Note 3)	0.01	Counterpart y to interest rate swap transaction	Amount of payment for interest rate swap transaction	1,930	Accrued expenses	133
						Managing underwriter of investment corporation bonds	Investment corporation bond underwriting fee	50,600	—	—
						Loan agreement/in intermediary agreement handling agent	Loan agreement intermediation fee	5,000	—	—
Subsidiary of major unitholder	Good Time Living Co. Ltd.	Chiyoda-ku, Tokyo	50,000	Operation of fee-based homes for the elderly, etc.	0.49	Healthcare facility renter and operator	Leasing business revenue, etc.	1,275,805	Advances received	215,885
									Leasehold and guarantee deposits received in trust	1,383,778
Subsidiary of major unitholder	G.K. Tokyo Residential 1	Chuo-ku, Tokyo	100	Investment management	—	Seller of real estate trust beneficiary interests	Purchase of real estate trust beneficiary interests (Note 4) (Note 5)	6,820,000	—	—
Subsidiary of major unitholder	G.K. GTL Healthcare 2	Chuo-ku, Tokyo	400	Investment management	—	Seller of real estate trust beneficiary interests	Purchase of real estate trust beneficiary interests (Note 4) (Note 5)	4,700,000	—	—
Subsidiary of major unitholder	Daiwa Facilities Co., Ltd.	Chuo-ku, Tokyo	100,000	Investment management	—	Seller of real estate trust beneficiary interests	Purchase of real estate trust beneficiary interests (Note 4) (Note 5)	2,060,000	—	—
Subsidiary of major unitholder	G.K. DA Healthcare 4	Minato-ku, Tokyo	300	Investment management	—	Seller of real estate trust beneficiary interests	Purchase of real estate trust beneficiary interests (Note 4) (Note 5)	1,920,000	—	—

(Note 1) Of the amounts above, the amount of transaction does not include consumption tax, etc., and the balance at the end of the period includes consumption tax, etc.

(Note 2) Share capital is ¥100 billion yen.

(Note 3) The description of business or occupation is the purchase and sale of securities, etc., the intermediation, brokerage, or agency for the purchase and sale of securities, etc., the underwriting of securities, etc., and other financial instruments businesses and businesses incidental thereto.

(Note 4) The terms and conditions of transactions with interested persons or other close affiliates were determined based on the internal rules on dealings with interested parties of the Asset Manager.

(Note 5) The amount of transaction for the purchase of real estate trust beneficiary interests stated above does not include acquisition expenses, adjustments to property tax and city planning tax, and consumption tax, etc.

(Note 6) The terms and conditions of transactions were determined based on market conditions.

4. Director, major individual unitholder, etc.

Not applicable for the 29th period and 30th period.

(Notes on Business Combination)

29th period (from April 1, 2020 to September 30, 2020)

Business combination through acquisition

1. Outline of the business combination

(1) Name of the acquired corporation and description of its business

Name of acquired corporation: Nippon Healthcare Investment Corporation (hereinafter “NHI”)

Description of business: Real estate investment trust

(2) Main reasons for the business combination

Considering that it would enable the Investment Corporation to secure investment opportunities in other asset classes under the circumstances where competition for acquisition is becoming more and more intensified in the rental housing investment market and secure opportunities to acquire healthcare facilities warehoused by the same sponsor after the merger, as well as enable NHI to secure large-scale external growth opportunities and improve stability in its portfolio income and risk diversification by increasing the likelihood of equity financing through issuance of investment units as a result of expansion of asset size and market capitalization, a merger agreement was concluded on November 19, 2019, and became effective on April 1, 2020.

(3) Date of the business combination (effective date of merger)

April 1, 2020

(4) Legal form of the business combination

An absorption-type merger whereby the Investment Corporation is the surviving corporation and NHI is the absorbed corporation.

(5) Name of the combined investment corporation

Daiwa Securities Living Investment Corporation

(Changed from “Japan Rental Housing Investment Corporation” on April 1, 2020.)

(6) Main reasons for deciding on the acquiring corporation

It was decided that the Investment Corporation would be the acquiring corporation following comprehensive consideration of the size of the corporations (total assets, profit, etc.), the unitholders’ relative ratio of voting rights, the composition of the Board of Directors, etc., and other factors based on the Accounting Standard for Business Combinations, etc.

2. Period of business performance of the acquired corporation included in the Statement of Income for the 29th period

From April 1, 2020, to September 30, 2020

3. Cost of acquisition of the acquired corporation and breakdown thereof

Consideration for the acquisition:

Fair value of the investment units of the Investment Corporation delivered on the date of the business combination

¥13,937,844 thousand

4. Exchange ratio of investment units delivered as consideration for the acquisition and method of calculation thereof, and number of investments units delivered

(1) Exchange ratio of investment units

2.05 investment units of the Investment Corporation were allotted and delivered per investment unit of NHI.

(2) Method of calculation

The Investment Corporation appointed Ernst & Young Transaction Advisory Services Co., Ltd. (currently EY Strategy and Consulting Co., Ltd.) and NHI appointed Deloitte Tohmatsu Financial Advisory LLC as financial advisors (hereinafter “FA”), and requested them to calculate the merger ratio. Each calculated the merger ratio based on the market investment unit price analysis, dividend discount model and other valuation methods. As a result of a series of discussions and negotiations in comprehensive consideration of the calculation results and other factors, the exchange ratio above was deemed appropriate.

(3) Number of investments units delivered

152,995 units

5. Details and amount of major expenses directly required for the acquisition

FA fees: ¥90,000 thousand

Merger fees: ¥242,410 thousand

6. Matters concerning allocation of the cost of acquisition

(1) Amount of assets received and liabilities assumed on the date of the business combination, and main breakdown thereof

Current assets	¥1,747,102 thousand
Non-current assets	¥24,251,000 thousand
Total assets	¥25,998,102 thousand
Current liabilities	¥900,523 thousand
Non-current liabilities	¥10,057,452 thousand
Total liabilities	¥10,957,975 thousand

(2) Amount of negative goodwill that occurred and cause of occurrence

Amount of negative goodwill: ¥1,102,282 thousand

Cause of occurrence: NHI's mark-to-market net asset value at the time of the business combination exceeded the cost of acquisition. Therefore, the difference was recognized as negative goodwill.

Accounting: Posted in lump sum to extraordinary income in the 30th period.

7. Estimated amount of impact on the Statement of Income for the 30th period if under the assumption that the business combination was completed on the start date of the 30th period

The business combination date and the start date of the fiscal period match. Therefore, there is no impact.

30th period (from October 1, 2020 to March 31, 2021)

Not applicable.

(Notes on Investment and Rental Properties)

The Investment Corporation has rental housing and healthcare facilities in Tokyo and other areas for the purpose of earning rental revenues. The carrying amounts, net increase (decrease) during the period, and fair value of such rental residential properties were as follows:

(Unit: thousand yen)

			29th period (from April 1, 2020 to September 30, 2020)	30th period (from October 1, 2020 to March 31, 2021)
Rental residential properties	Carrying amount (Note 2)	Balance at the beginning of the period	217,523,610	296,452,935
		Net increase (decrease) during the period (Note 3) (Note 4)	78,929,324	19,637,837
		Balance at the end of the period	296,452,935	316,090,772
	Fair value at the end of the period (Note 5)		358,002,000	383,123,000

(Note 1) For a summary of the rental residential properties, please refer to "5. Reference Information; (2) Investment Real Estate Properties, Trust Beneficiary Interests in Real Estate, Etc.; ② Summary of Appraisal Report" later in this document.

(Note 2) The carrying amounts represented the amount after deducting the accumulated depreciation and impairment losses from the acquisition costs (including incidental expenses upon acquisition).

(Note 3) For the 29th period, major increases during the period were succession of trust beneficiary interests in 23 properties as a result of the merger with Nippon Healthcare Investment Corporation (¥24,242,870 thousand), acquisition of trust beneficiary interests in 27 properties and additional acquisition of Irise Komae Bettei (quasi-co-ownership interest) (¥66,236,247 thousand), and acquisition of 2 real estate properties (¥2,561,316 thousand), and major decreases were sale of 24 real estate properties and trust beneficiary interests in 3 properties (¥12,651,364 thousand), and depreciation (¥2,288,443 thousand).

(Note 4) For the 30th period, major increase during the period was acquisition of 2 real estate properties and trust beneficiary interests in 6 real estate (¥21,294,314 thousand) and major decrease was depreciation (¥2,366,741 thousand).

(Note 5) Fair value at the end of the period was based on the appraisal value or investigation value by external real-property appraisers.

In addition, profit or loss on operations of rental properties was as "Notes to Statement of Income."

(Notes on Segment and Related Information)

[Segment information]

Since the business of the Investment Corporation represents “real estate leasing business” only, there are no reporting segments. Therefore, segment disclosures are omitted.

[Related information]

29th period (from April 1, 2020 to September 30, 2020)

1. Information about products and services

Since the proportion of operating revenue from external customers for each product and service exceeds 90% of operating revenue on the Statement of Income, product and service disclosures are omitted.

2. Information about geographical areas

(1) Operating revenue

Since the proportion of operating revenue from external customers in Japan exceeds 90% of operating revenue on the Statement of Income, geographic area disclosures are omitted.

(2) Property, plant and equipment

Since the proportion of property, plant and equipment located in Japan exceeds 90% of property, plant and equipment on the Balance Sheet, property, plant and equipment disclosures are omitted.

3. Information about major customers

(Unit: thousand yen)

Name of the customer	Operating revenue	Related segment
Good Time Living Co. Ltd.	1,186,393	Real estate investment business

30th period (from October 1, 2020 to March 31, 2021)

1. Information about products and services

Since the proportion of operating revenue from external customers for each product and service exceeds 90% of operating revenue on the Statement of Income, product and service disclosures are omitted.

2. Information about geographical areas

(1) Operating revenue

Since the proportion of operating revenue from external customers in Japan exceeds 90% of operating revenue on the Statement of Income, geographic area disclosures are omitted.

(2) Property, plant and equipment

Since the proportion of property, plant and equipment located in Japan exceeds 90% of property, plant and equipment on the Balance Sheet, property, plant and equipment disclosures are omitted.

3. Information about major customers

(Unit: thousand yen)

Name of the customer	Operating revenue	Related segment
Good Time Living Co. Ltd.	1,275,805	Real estate investment business

(Notes on Per Unit Information)

	29th period (from April 1, 2020 to September 30, 2020)	30th period (from October 1, 2020 to March 31, 2021)
Net assets per unit	¥73,502	¥73,874
Earnings per unit	¥2,983	¥2,117

Earnings per unit are calculated by dividing profit by the daily weighted average number of investment units.

Diluted earnings per unit are not stated because there were no diluted investment units.

(Note) The basis for calculating earnings per unit was as follows:

	29th period (from April 1, 2020 to September 30, 2020)	30th period (from October 1, 2020 to March 31, 2021)
Profit (thousand yen)	6,133,000	4,457,325
Amount not attributable to common unitholders (thousand yen)	—	—
Profit attributable to common investment units (thousand yen)	6,133,000	4,457,325
Average number of investment units during the period (units)	2,055,946	2,104,546

(Notes on Significant Subsequent Events)

A. Acquisition of Assets

The Investment Corporation acquired the assets for which purchase and sale agreements were concluded on October 21, 2020, as described below.

Property name	Asset type	Property type	Location	Acquisition price (thousand yen) (Note 1)	Appraisal value (thousand yen) (Note 2)	Acquisition date	Counterparty
Gran Casa Sumiyoshi (Note 3)	Real estate	Rental housing	Koto-ku, Tokyo	1,140,000	1,190,000	April 14, 2021	(Note 5)
Gran Casa Ueno Ikenohata (Note 4)	Real estate	Rental housing	Taito-ku, Tokyo	1,420,000	1,470,000	April 15, 2021	(Note 6)
Total	—	—	—	2,560,000	2,660,000	—	—

(Note 1) The amount (the trade price of the real estate recorded in the real estate purchase and sale contract) that does not include the expenses required for the acquisition of the real estate (intermediation fees, taxes and public dues, etc.) is stated.

(Note 2) The date of the appraisal value is March 31, 2021.

(Note 3) The property name of “(Temporary name) Mouri 1-chome PJ” was changed to “Gran Casa Sumiyoshi” on April 14, 2021.

(Note 4) The property name of “(Temporary name) L’GENTE Ueno Ikenohata” was changed to “Gran Casa Ueno Ikenohata” on April 15, 2021.

(Note 5) The counterparty is Touei Kensetsu Co., Ltd.

(Note 6) The counterparty is Tokyu Livable, Inc.

B. Issuance of Investment Corporation Bonds

The Investment Corporation issued investment corporation bonds on April 28, 2021, to appropriate the funds for the redemption of investment corporation bonds due on June 15, 2021. Details are as follows.

Outline of the Investment Corporation Bonds

Issue date	April 28, 2021
Name	3rd Unsecured Investment Corporation Bonds of Daiwa Securities Living Investment Corporation (with special pari passu conditions among specified Investment Corporation Bonds)
Issue amount	¥3,000 million
Interest rate	0.590% (fixed rate)
Redemption date	April 28, 2031
Use of funds	The estimated net amount of ¥2,980 million, which is obtained by deducting the estimated amount of issuance expenses from the payment amount, is scheduled to be appropriated for the redemption of investment corporation bonds due on June 15, 2021 (scheduled repayment date: June 15, 2021).

(Omission of Disclosure)

Disclosure of notes on lease transactions, notes on financial instruments, notes on securities, notes on derivative transactions, notes on tax-effect accounting, notes on share of loss (profit) of entities accounted for using equity method, etc., notes on retirement benefits, and notes on asset retirement obligations is omitted because the need for disclosure in financial reports is considered to be immaterial.

(9) Changes in Total Number of Investment Units Issued and Outstanding

The table below shows the changes in the total number of investment units issued and outstanding and unitholders' capital in the five years up to the end of the fiscal period under review.

Date	Description	Total number of investment units issued and outstanding (units)		Unitholders' capital (yen)		Notes
		Change	Total	Change	Total	
April 1, 2020	Merger	152,995	1,793,055	—	91,715,714,751	(Note 1)
April 1, 2020	Capital increase through third-party allotment	262,891	2,055,946	25,999,919,900	117,715,634,651	(Note 2)
December 4, 2020	Capital increase through public offering	72,000	2,127,946	6,090,192,000	123,805,826,651	(Note 3)
December 25, 2020	Capital increase through third-party allotment	3,600	2,131,546	304,509,600	124,110,336,251	(Note 4)

(Note 1) The Investment Corporation executed an absorption-type merger whereby the Investment Corporation is the surviving corporation and NHI is the absorbed corporation based on Article 147 of the Act on Investment Trusts and Investment Corporations. Upon the merger, 2.05 investment units of the Investment Corporation were allotted and delivered per investment unit of NHI to all investment units of NHI. The number of investment units issued and outstanding of NHI at the time of the merger was 74,632 units.

(Note 2) The Investment Corporation issued new investment units through third-party allotment at an offer price of ¥98,900 per unit for the purpose of acquiring new properties.

(Note 3) The Investment Corporation issued new investment units through public offering at an issue price of ¥87,457 (issue value of ¥84,586) per unit for the purpose of acquiring new properties.

(Note 4) The Investment Corporation issued new investment units through third-party allotment at an offer price of ¥84,586 per unit for the purpose of acquiring new properties.

3. Reference Information

(1) Information on Price of Assets Under Management

① Composition of Assets of the Investment Corporation

The status of assets under management of the Investment Corporation as of the end of the fiscal period is shown in the table below. Assets under management of both real estate and beneficiary interests of real estate trust (hereinafter “trust beneficiary interests”) are for leasing to tenants. They are buildings—rental housing or healthcare facilities—and the sites of the buildings.

are for leasing to tenants. They are buildings – rental housing or healthcare facilities – and the sites of the buildings.				
Asset type	Property type	Area classification	30th period (as of March 31, 2021)	
			Total amount held (million yen) (Note 3)	Ratio to total assets (%) (Note 4)
Real estate	Rental housing	23 wards of Tokyo	75,329	22.4
		Three major metropolitan areas (Note 1)	53,838	16.0
		Other major cities (Note 1)	18,719	5.6
	Healthcare facilities	Three major metropolitan areas (Note 2)	—	—
		Core city areas (Note 2)	—	—
		Other (Note 2)	—	—
	Subtotal		147,887	44.1
Trust beneficiary interests	Rental housing	23 wards of Tokyo	16,978	5.1
		Three major metropolitan areas (Note 1)	38,436	11.5
		Other major cities (Note 1)	14,073	4.2
	Healthcare facilities	Three major metropolitan areas (Note 2)	88,725	26.4
		Core city areas (Note 2)	9,989	3.0
		Other (Note 2)	—	—
	Subtotal		168,203	50.1
Deposits and other assets			19,510	5.8
Total assets			335,601	100.0

	30th period (as of March 31, 2021)	
	Amount (million yen)	Ratio to total assets (%) (Note 4)
Total liabilities (Note 5)	178,135	53.1
Total net assets (Note 5)	157,466	46.9
Total assets	335,601	100.0

(Note 1) In the “Area classification” column for rental housing, “Three major metropolitan areas” refers to the Kanto metropolitan area excluding the 23 wards of Tokyo, the Chukyo metropolitan area and the Kinki metropolitan area. “Other major cities” refers to the Sapporo, Sendai, Niigata, Shizuoka/Hamamatsu, Okayama, Hiroshima, Kitakyushu/Fukuoka, and Kumamoto metropolitan areas, and core cities with a population of 300,000 or more. These classifications apply to the “Area classification” column in the table below as well.

(Note 2) In the “Area classification” column for healthcare facilities, “Three major metropolitan areas” refers to the greater Tokyo area (Tokyo, Kanagawa, Chiba and Saitama prefectures), the Chukyo area (Aichi, Mie, and Gifu prefectures) and the Kinki area (Osaka, Kyoto, Hyogo, Nara, and Shiga prefectures). “Core city areas” refers to cities (outside the three major metropolitan areas) with a population of 200,000 or more. “Other” refers to cities (outside the three major metropolitan areas and the core city areas) with a population under 200,000. These classifications apply to the “Area classification” column in the table below as well.

(Note 3) The total amount held is the amount recorded on the balance sheet as of the closing date (for real estate and trust beneficiary interests, book value after impairment and depreciation). The amount of real estate or trust beneficiary interests includes the amount of intangible assets.

(Note 4) The ratio to total assets is the ratio of the amount recorded on the balance sheet for trust beneficiary interests, real estate or deposits and other assets to total assets. (The ratio is rounded off to the first decimal place.)

(Note 5) Total liabilities and total net assets are the amount recorded on the balance sheet as of the closing date.

② Investment Real Estate Properties, Trust Beneficiary Interests in Real Estate, Etc.

The following is a breakdown of real estate and trust beneficiary interests held by the Investment Corporation as of the closing date.

(a) Summary, Price and Investment Ratio of Investment Assets

Property type	Area classification	Property name	Acquisition price (million yen) (Note 1)	Investment ratio (%) (Note 2)	Carrying amount (million yen)	Appraisal value at the end of the period (million yen) (Note 3)
Rental housing	23 wards of Tokyo	willDo Kiyosumi	5,024	1.6	4,585	6,990
		Turkey's Denenchofu No.2	281	0.1	265	343
		Joy Oyamadai	624	0.2	690	689
		willDo Otsuka	725	0.2	719	782
		Toshin Shoto Mansion	912	0.3	959	1,060
		Harmony Kamikitazawa	400	0.1	396	393
		College Square Kitakubukuro	727	0.2	625	821
		College Square Tobu Nerima	892	0.3	800	998
		College Square Akatsuka	734	0.2	629	845
		College Square Waseda II	215	0.1	187	333
		College Square Myogadani	1,060	0.3	988	1,420
		College Square Shinkoiwa	724	0.2	655	803
		College Square Kiba	639	0.2	549	793
		College Square Kinshicho	490	0.2	449	582
		College Square Waseda	316	0.1	298	387
		Lexington Square Shinjuku Gyoen	1,010	0.3	1,021	1,340
		Prospect Nihombashi Honcho	808	0.2	756	1,250
		Maison de Ville Takanawa Gyoranzaka	1,480	0.5	1,467	1,990
		Roppongi Rise House	912	0.3	867	1,310
		TK Flats Shibuya	4,770	1.5	4,456	6,650
		Maison de Ville Naka Meguro	1,050	0.3	1,031	1,640
		Prospect KALON Minowa	1,620	0.5	1,404	2,340
		Prospect Shinonomebashi	3,040	0.9	2,758	4,340
		Prospect Monzennakacho	1,080	0.3	994	1,480
		Prospect Ogikubo	701	0.2	629	937
		Exceria Ikebukuro West II	852	0.3	825	1,130
		Prospect Omori Kaigan	1,480	0.5	1,407	2,160
		Gala Place Shinjuku Gyoen	2,170	0.7	2,133	3,300
		Joyce Court	3,010	0.9	2,941	4,350
		Act Forme Asakusa	1,216	0.4	1,155	2,060
		Gran Casa Roppongi	1,480	0.5	760	999
		Gran Casa Minami Aoyama	3,750	1.2	2,285	2,250
		Storia Jingumae	3,160	1.0	3,185	2,700
		Gran Casa Shinjuku Gyoen	2,525	0.8	2,514	3,860
		Lietocourt Yotsuya	1,716	0.5	1,734	2,410
		Lietocourt Motoakasaka	1,095	0.3	1,107	1,640
		Gran Casa Ginza East	2,000	0.6	2,055	2,500
		Gran Casa Minowa	850	0.3	860	978
		Gran Casa Honkomagome	1,500	0.5	1,603	1,620
		Gran Casa Nihonbashi Hamacho	930	0.3	1,008	1,030
		Gran Casa Magome I	602	0.2	650	622
		Gran Casa Omori Kaigan	1,119	0.3	1,208	1,200
		Profit Link Takenotsuka	636	0.2	620	728
		Dream Heights	358	0.1	377	505
		Green Hills Asukayama	587	0.2	561	732
		Oji Heights	347	0.1	342	496
		Sakagami Royal Heights No. II	360	0.1	350	504
		willDo Todoroki	1,764	0.5	1,760	1,900
		MGA Kanamachi	484	0.1	483	462
		Greenhills Roka	662	0.2	693	758
		Lofty Hirai	324	0.1	308	373
		Colonnade Kasuga	3,115	1.0	3,227	2,730
		The Palms Yoyogi Uehara Cosmo Terrace	1,250	0.4	1,266	1,590
		Sun Terrace Yoyogi Uehara	1,180	0.4	1,206	1,650
		Prospect Nihombashi Koamicho	840	0.3	757	1,320
		Park Terrace Ebisu	2,060	0.6	1,998	3,240
		Prospect Dogenzaka	1,590	0.5	1,562	2,430
		Prospect Glarsa Hiroo	3,560	1.1	3,196	5,130

Property type	Area classification	Property name	Acquisition price (million yen) (Note 1)	Investment ratio (%) (Note 2)	Carrying amount (million yen)	Appraisal value at the end of the period (million yen) (Note 3)
Rental housing	23 wards of Tokyo	Prospect Hatsudai	518	0.2	490	701
		Prospect NishiSugamo	1,110	0.3	1,049	1,530
		Prospect Machiya	484	0.1	396	649
		Prospect KiyosumiTeien	2,630	0.8	2,442	3,830
		Prospect Morishita	1,260	0.4	1,130	1,720
		Prospect OnshiKoen	1,110	0.3	987	1,790
		BELNOS 34	1,700	0.5	1,772	2,840
		SK Residence	805	0.2	773	1,160
		Angel Heim Nishi-Rokugo No. 2	1,012	0.3	936	1,460
		Glana Ueno	1,100	0.3	1,056	1,680
		Lietocourt Asakusabashi	1,615	0.5	1,591	2,370
		Gran Casa ShinKoiwa	1,510	0.5	1,533	1,620
		Gran Casa Ryogoku Ichibankan	1,420	0.4	1,463	1,460
		Gran Casa Ryogoku Nibankan	770	0.2	800	811
		Gran Casa Bunkyo Sengoku	1,480	0.5	1,547	1,570
	Three major metropolitan areas	willDo Yokohama Minami	233	0.1	190	294
		willDo Kanayama masaki	490	0.2	394	633
		willDo Ichioka	722	0.2	612	722
		willDo Ebie	350	0.1	313	362
		willDo ImafukuNishi	413	0.1	342	415
		VISTA Supreme	563	0.2	487	517
		willDo Chiyoda	633	0.2	507	654
		willDo Taiko dori	1,120	0.3	1,017	1,380
		willDo Kanayama	370	0.1	302	436
		willDo Kanayama sawashita	375	0.1	303	452
		willDo Tsukamoto	730	0.2	636	884
		willDo Tanimachi	1,040	0.3	945	1,010
		willDo Namba w II	486	0.2	415	482
		willDo Namba w I	690	0.2	568	691
		willDo Kachigawa	503	0.2	398	719
		Stagea Kogane	600	0.2	489	612
		willDo Hamasaki dori	2,280	0.7	1,946	2,360
		willDo Minamimorimachi	493	0.2	458	536
		willDo Minami Urawa	396	0.1	351	466
		willDo Matsuyamachi	810	0.3	715	971
		willDo Higashibetsuin	703	0.2	571	770
		willDo ShinOsaka	861	0.3	753	1,070
		College Square Higashikurume	523	0.2	416	632
		willDo Matsubara	549	0.2	453	605
		willDo Sannomiya East	731	0.2	586	815
		willDo Kujo	537	0.2	503	611
		willDo Daikancho	655	0.2	544	652
		willDo Takabata	494	0.2	398	541
		Prospect MusashiShinjo	1,050	0.3	920	1,340
		Fragrance Kawasaki	548	0.2	468	736
		Prospect ChuoRinkan	524	0.2	427	701
		Prospect Nakanoshima	734	0.2	671	970
		Prospect Toyonaka Hattori	366	0.1	300	422
		Prospect Shimogamo	281	0.1	248	309
		Prospect Kawaramachi Gojo	583	0.2	508	706
		Gransys Esaka	1,260	0.4	1,203	1,740
		Serenite Koshien	2,550	0.8	2,354	3,080
		Pregio Miyakojima	1,610	0.5	1,554	1,880
		Serenite ShinOsaka Nibankan	3,510	1.1	3,471	3,980
		Gran Casa UmedaKita	2,050	0.6	2,019	2,410
		Serenite Honmachi Grande	4,286	1.3	4,095	5,730
		Gransys Tenmabashi	4,050	1.3	4,054	4,930
		DayGran Tsurumi	1,030	0.3	1,059	1,230
		Sakura Hills Riverside WEST	1,920	0.6	1,892	2,360
		Sakura Hills Riverside EAST	1,030	0.3	1,017	1,260
		Sakura Hills Meieki NORTH	750	0.2	751	941
		Runai Nippombashi anhelo	1,400	0.4	1,418	1,800

Property type	Area classification	Property name	Acquisition price (million yen) (Note 1)	Investment ratio (%) (Note 2)	Carrying amount (million yen)	Appraisal value at the end of the period (million yen) (Note 3)
Rental housing	Three major metropolitan areas	HS Umeda EAST	2,151	0.7	2,165	2,570
		Serenite Umeda EST	1,057	0.3	1,066	1,240
		Serenite Yuhigaoka EST	811	0.3	819	957
		Serenite Umeda Reflet	1,148	0.4	1,195	1,270
		Gran Casa Urayasu	886	0.3	953	921
		Gran Casa Chiyoda	959	0.3	999	973
		Gran Casa Nambamotomachi	5,820	1.8	6,305	6,120
		Gran Casa Ryokuchi Koen	2,600	0.8	2,721	2,710
		Sereno Omiya	1,554	0.5	1,644	2,030
		Suzuran-kan	441	0.1	388	670
		Bonheur Tokiwa	752	0.2	722	821
		Libest NishiChiba	2,152	0.7	1,904	2,680
		willDo Temmachi	627	0.2	539	823
		willDo NishiAkashi	635	0.2	557	851
		Libest Higashi Nakayama	1,371	0.4	1,179	1,770
		Stellato City Sakurayama	735	0.2	619	860
		La Vita Nippombashi	1,860	0.6	1,594	2,160
		willDo Kurokawa	677	0.2	524	683
		Deim Hashimoto	748	0.2	871	1,100
		Prospect Kawasaki	1,520	0.5	1,321	2,500
		Prospect UrawaTokiwa	717	0.2	693	1,030
		Gran Casa Daikancho	1,082	0.3	1,147	1,660
		Gran Casa Gokiso	932	0.3	957	1,540
		Crown Heim NishiTanabe	405	0.1	415	522
		The Residence Honmoku Yokohama Bayside	5,550	1.7	5,055	7,540
		Lietocourt Marunouchi	3,756	1.2	3,578	5,400
		Gran Casa Kamimaezu	2,050	0.6	1,912	2,770
		Sakura Hills Fujimi	2,750	0.8	2,676	3,390
		Gran Casa Kitauraawa	2,490	0.8	2,573	2,580
		Gran Casa Fujisawa	1,000	0.3	1,103	1,060
	Other major cities	Satella Kita 34jo	1,133	0.4	993	1,320
		willDo Nakasu	2,460	0.8	2,247	2,770
		willDo Kamisugi 3home	506	0.2	438	569
		willDo Okayamaeki Nishiguchi	1,220	0.4	946	1,430
		willDo Okayamadaiku	1,040	0.3	893	1,270
		Sky Hills N15	712	0.2	747	1,030
		Sky Hills Sakaemachi	832	0.3	857	1,000
		Dormy Chitose	476	0.1	483	551
		Sky Hills Takadai I	448	0.1	434	544
		West Park Hasekura	1,240	0.4	1,129	2,000
		Alpha Tower Sapporo Minami4jo	1,185	0.4	1,159	1,480
		Renaissance 21 Hakata	1,500	0.5	1,477	1,890
		Cresidence Sapporo Minami4jo	1,140	0.4	1,108	1,350
		Granpark Tenjin	4,698	1.5	4,625	6,390
		Forest Hill SendaiAoba	2,750	0.8	2,683	2,940
		Gran Casa Sendai Itsutsubashi	2,100	0.6	2,066	2,210
		Gran Casa NagayamaKoen Dori	1,002	0.3	1,160	1,090
		Gran Casa Minami11jo	830	0.3	856	925
		willDo Takasago	364	0.1	341	408
		Palais d'or Maruyama	559	0.2	584	1,120
Healthcare facilities	Three major metropolitan areas	Gran Casa Urasando	1,510	0.5	1,562	1,950
		Gran Casa Kita3jo	1,265	0.4	1,293	1,580
		Chijikoukanmae Tower Residence	4,530	1.4	4,698	5,110
		Rental housing subtotal (total of 173 properties)	227,970	70.5	217,375	284,009
		Charm Suite Ryokuchi Koen	3,030	0.9	2,987	3,020
		Sompo Care LAVIERE Sagamihara Chuo	1,780	0.6	1,748	1,780
		Verger Hirakata	1,560	0.5	1,531	1,550
		Sawayaka Heart Life Nishikyogoku	1,130	0.3	1,111	1,130
		Sompo Care LAVIERE Kinugasayama Koen	2,000	0.6	1,965	2,000
		Super Court JR Nara-Ekimae	1,710	0.5	1,679	1,700
		La'nassica Arakogawa	1,400	0.4	1,372	1,400
		Minna-no-ie Chuo-ku En'nami	860	0.3	841	823

Property type	Area classification	Property name	Acquisition price (million yen) (Note 1)	Investment ratio (%) (Note 2)	Carrying amount (million yen)	Appraisal value at the end of the period (million yen) (Note 3)
Healthcare facilities	Three major metropolitan areas	Minna-no-ie Omiya Tsutsujigaoka Park	775	0.2	767	743
		Sompo no ie Nishitanabeekimae	737	0.2	727	748
		Irise Komae Bettei	1,319	0.4	1,356	1,330
		AIP Kachidoki-Ekimae	8,150	2.5	8,443	8,310
		PLAISANT GRAND MINAMI YUKIGAYA	3,380	1.0	3,491	3,380
		Aira no mori Higashi-Ofuna	2,271	0.7	2,374	2,540
		Aira no mori Shakujiikoen	2,070	0.6	2,150	2,260
		Aira no mori Edogawa-Shinozaki	1,499	0.5	1,560	1,600
		Senior Forest Yokohama-Tsuzuki	1,202	0.4	1,260	1,280
		Sompo no ie Toyonaka-Minamisone	825	0.3	866	831
		Good Time Living Center-Minami, Platesia Center-Minami	11,150	3.4	11,611	11,700
		Good Time Living Chibaminato-Kaigandori, Platesia Chibaminato	4,516	1.4	4,790	4,690
		Good Time Living Yokohama-Tsuzuki	4,064	1.3	4,228	4,080
		Good Time Living Senri-Hinatagaoka	2,800	0.9	2,937	2,850
		Good Time Living Nakamozu	2,180	0.7	2,289	2,200
		Good Time Living Kourigaoka	2,120	0.7	2,219	2,170
		Good Time Living Kameido	1,860	0.6	1,944	2,310
		Good Time Living Mikage	1,820	0.6	1,915	2,270
		Good Time Living Amagasaki-Shintoshin	1,585	0.5	1,641	1,670
		Good Time Living Minami Senri	1,430	0.4	1,479	1,510
		Good Time Living Kobe-Tarumi	1,370	0.4	1,456	1,390
		Good Time Living Chibaminato-Ekimaedori	1,320	0.4	1,409	1,560
		Good Time Living Senboku-Izumigaoka	980	0.3	1,048	1,030
		Good Time Living Ikeda-Midorigaoka	920	0.3	968	929
		Good Time Living Nagatsuta-Minamidai	850	0.3	891	835
		Good Time Living Saitama-Hasuda	659	0.2	700	666
		Good Time Living Nagareyama-Ichibankan	610	0.2	642	617
		Good Time Living Nagareyama-Nibankan	563	0.2	724	684
		Good Time Living Amagasaki-Ekimae	320	0.1	347	403
		Good Time Living Osaka Bay	4,700	1.5	4,973	4,820
		Sunny Life Hiyoshi	2,060	0.6	2,165	2,170
		Sunny Life Chofu	1,920	0.6	2,100	2,150
	Core city areas	Sompo Care LAVIERE Hiroshima Hikarigaoka	1,210	0.4	1,190	1,210
		Sawayaka Kaikyokan	899	0.3	871	896
		Sawayaka Meisuikan	813	0.3	793	809
		Nichii Care Center Fukushima Omori	337	0.1	327	335
		Sawayaka Hinodekan	896	0.3	880	893
		Sawayaka Obatake Sanbankan	349	0.1	340	347
		Sawayaka Riverside Kurinoki	306	0.1	299	304
		Silver Heights Hitsujigaoka No.3	1,330	0.4	1,322	1,310
		Alpha Living Okayama Nishigawa Ryokudokoen	789	0.2	774	741
		Alpha Living Okayama Korakuen	661	0.2	640	651
		Alpha Living Takamatsu Ekimae	642	0.2	629	631
		Alpha Living Takamatsu Hyakkenmachi	628	0.2	615	608
		Alpha Living Takamatsu Konyamachi	1,225	0.4	1,304	1,250
Healthcare facilities subtotal (total of 53 properties)		95,581	29.5	98,715	99,114	
Total (total of 226 properties)		323,551	100.0	316,090	383,123	

(Note 1) The acquisition price is the amount (the sales price of real estate or trust beneficiary interests written in the trust beneficiary interests transfer contract or sales contract) that does not include expenses incurred in association with acquisition of the real estate or trust beneficiary interests (intermediation fees, taxes, etc.) is stated.

(Note 2) The investment ratio is the ratio of the acquisition price of the real estate or trust beneficiary interests to the total acquisition price of real estate or trust beneficiary interests. (The ratio is rounded off to the first decimal place.)

(Note 3) "Appraisal value at the end of the period" is the appraisal value or investigation value with the closing date as the date of value.

(2) Status of Capital Expenditure

① Capital Expenditure Plan

The major capital expenditure items in association with planned repair work on properties under management as of March 31, 2021, below. The amount of payment includes the amount allocated to expenses in accounting procedures.

Property name (Location)	Description of works (purpose)	Period	Amount of payment (million yen)		
			Total cost	Amount paid in the fiscal period under review	Total amount paid
Sky Hills N15 (Sapporo city, Hokkaido)	Equipment replacement in common areas	From April 2021 to September 2021	23	—	—
Joyce Court (Ota-ku, Tokyo)	Equipment replacement in common areas	From April 2021 to September 2021	21	—	—
Gran Casa Daikancho (Nagoya city, Aichi)	Equipment replacement in common areas	From April 2021 to September 2021	18	—	—

② Capital Expenditure During the Period Under Review

Capital improvement construction expenditures made by the Investment Corporation during the 30th period for portfolio properties are as follows. Construction expenditures during the 30th period amounted to ¥684,562 thousand; construction-related costs amounted to ¥1,065,261 thousand when adding in repair expenses of ¥380,699 thousand during the fiscal period under review.

Property name (Location)	Description of works (purpose)	Period	Amount of payment (thousand yen)
Deim Hashimoto (Sagamihara city, Kanagawa)	Exterior wall renovation work	From October 2020 to March 2021	152,688
willDo Taiko dori (Nagoya city, Aichi)	Exterior wall renovation work	From October 2020 to March 2021	113,164
Alpha Tower Sapporo Minami4jo (Sapporo city, Hokkaido)	Exterior wall renovation work	From October 2020 to March 2021	97,851
Libest NishiChiba (Chiba city, Chiba)	Common area renovation work	From October 2020 to March 2021	17,731
Lietocourt Marunouchi (Nagoya city, Aichi)	Interior remodeling work, etc.	From October 2020 to March 2021	12,119
Other properties	Interior remodeling work, etc.	From October 2020 to March 2021	291,006
Total			684,562