

33rd Fiscal Period Financial Report (REIT)

November 21, 2022

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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 33rd Fiscal Period (from April 1, 2022 to September 30, 2022)

(1) Management Status (% 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	%
33rd period	11,436	1.5	5,341	0.3	4,653	0.7	4,652	0.7
32nd period	11,263	4.2	5,324	4.6	4,622	4.3	4,621	4.3

	Earnings per unit		Return on equity (ROE)		Ratio of ordinary income to total assets		Ratio of ordinary income to operating revenues	
	Yen		%		%		%	
33rd period	2,110		2.8		1.3		40.7	
32nd period	2,096		2.9		1.3		41.0	

(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	%	%
33rd period	2,180	4,806	—	—	103.3	2.9
32nd period	2,180	4,806	—	—	104.0	2.9

(Note 1) The source of funds for payment of distributions for the 33rd fiscal period is the amount of unappropriated retained earnings after including reserve for temporary difference adjustments of ¥153 million, and differs from profit.

(Note 2) The source of funds for payment of distributions for the 32nd fiscal period is the amount of unappropriated retained earnings after including reserve for temporary difference adjustments of ¥185 million and differs from profit.

(3) Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per unit
	Million yen	Million yen	%	Yen
33rd period	353,676	165,218	46.7	74,932
32nd period	350,956	165,372	47.1	75,002

(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
33rd period	7,101	(2,447)	(2,006)	17,764
32nd period	7,302	(15,641)	9,607	15,116

2. Earnings Forecast for the 34th Fiscal Period (from October 1, 2022 to March 31, 2023) and the 35th Fiscal Period (from April 1, 2023 to September 30, 2023)

(% 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
34th period	11,723	2.5	5,573	4.3	4,817	3.5	4,816	3.5	2,200	—
35th period	11,706	(0.1)	5,445	(2.3)	4,696	(2.5)	4,696	(2.5)	2,200	—

(Reference) Expected earnings per unit (34th fiscal period): ¥2,130; Expected earnings per unit (35th fiscal period): ¥2,077

(Note) The source of funds for payment of distributions for the 34th fiscal period is the amount of profit after adding reversal of reserve for temporary difference adjustments of ¥156 million and thus it differs from the amount of profit. The source of funds for payment of distributions for the 35th fiscal period is the amount of profit after adding reversal of reserve for temporary difference adjustments of ¥277 million and thus it 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

33rd period	2,204,890 units	32nd period	2,204,890 units
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- ② Total number of treasury investment units at the end of the fiscal period

33rd period	0 units	32nd period	0 units
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(Note) For the number of investment units used as the base for calculating earnings per unit, please refer to “Notes on Per Unit Information” on page 33.

* 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 14.

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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. The Investment Corporation merged with Prospect Reit Investment Corporation in an absorption-type merger on July 1, 2010, and since then it 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”) whereby the Investment Corporation is the surviving corporation and Nippon Healthcare Investment Corporation (hereinafter “NHI”) is the absorbed corporation on April 1, 2020, upon which the trade name was changed from “Japan Rental Housing Investments Inc.” to “Daiwa Securities Living Investment Corporation” and healthcare facilities added to the portfolio, the Investment Corporation is now managed as a “REIT that comprehensively provides comfortable living spaces that ‘support life and lifestyle of everyone’ suited to each life stage.”

The properties under management at the end of September 2022 consisted of 240 properties with a total acquisition price of ¥345,699 million and a total rentable floor area of 746,387.63 square meters.

(b) Investment Environment

Although the Japanese economy was still in a severe condition in the fiscal period under review due to the effects of the COVID-19 pandemic, a recovery trend began to appear, such as real GDP growth of 3.5% (annualized) in the April-June 2022 quarter. Meanwhile, it is necessary to continue to monitor trends in the global economy, such as soaring resource prices due to the impact of the situation in Ukraine and interest rate hikes by the Federal Reserve Board.

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 in Japan, and competition for property acquisition by domestic and foreign investors continues to be severe. Furthermore, 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 in the total population increases.

(c) Management Performance

To enhance investment unit value, focus was placed 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 extension of borrowing periods and the diversification of due dates, etc.); and d. Sustainability initiatives.

a. External growth through acquisition of new properties

In the fiscal period under review, amid an increasingly severe property acquisition environment, Gran Casa Kiyosumi Shirakawa was acquired for ¥1,775 million (appraisal value: ¥1,830 million). This property contributed to the revenues of the Investment Corporation in the fiscal period under review and is expected to make a contribution toward expanding revenues in the next fiscal period onward.

Property name	Property type	Acquisition date	Acquisition price (thousand yen) (Note 1)
Gran Casa Kiyosumi Shirakawa (Note 2)	Rental housing	April 1, 2022	1,775,609
Total			1,775,609

(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 “Vienna Style Kiyosumi Shirakawa” was changed to “Gran Casa Kiyosumi Shirakawa” on May 1, 2022. 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 the continued focus on a range of existing initiatives and other measures by the Asset Manager, the average occupancy rate during the period stood at 97.9% (97.7% 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 797 contracts out of 1,308 (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 60.9%. The percentage of change in rent at tenant turnover (based on rent) rose by 1.5% (an increase of 0.6% 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 business, 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.

In the fiscal period under review, in consideration of the trend in the rental market with shifting to post-pandemic lifestyles due to changes in economic conditions, campaigns to conclude contracts and revision of terms and conditions of contracts were carried out, resulting in occupancy rates improving from the previous period.

(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, while monitoring the impact of COVID-19, interviews and such were conducted by visiting facilities and 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 (the extension of borrowing periods and diversification of due dates, etc.)

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

- * As part of the funds for acquisition of the properties acquired on February 1, 2022 and on April 1, 2022, the Investment Corporation borrowed a total of ¥2,800 million on April 28, 2022.
- * On April 28, 2022, the Investment Corporation refinanced ¥500 million of the bank borrowings from existing transaction banks as the funds for repayment of the same amount in total for long-term borrowings due on the same day.
- * On June 30, 2022, the Investment Corporation refinanced ¥1,500 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.
- * On September 22, 2022, the Investment Corporation refinanced ¥8,000 million of the bank borrowings from existing transaction banks as the funds for repayment of the same amount in total for long-term borrowings due on the same day.

As a result of the above, 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 51.4%, the ratio of long-term interest-bearing debt (excluding interest-bearing debt to be repaid within a year) came to 90.0%, and the ratio of fixed interest rates came to 76.5% on a contract basis.

d. Sustainability initiatives

Based on the recognition that the emphasis on environmental, social and corporate governance practices (collectively called “ESG”) in asset management contributes to the improvement of corporate value over the medium to long term, the Investment Corporation established its Policy Regarding ESG in 2016, and the former Asset Manager of the Investment Corporation established the Sustainability Promotion Committee in 2017. In addition, the Investment Corporation has systematically promoted sustainability initiatives, such as establishing the Sustainability Promotion Office at the Asset Manager in June 2021 with the aim of further strengthening its sustainability initiatives.

As for its environmental initiatives, the Investment Corporation is working to reduce the environmental impact of its portfolio through energy conservation and greenhouse gas emissions reduction by installing LEDs and others with high energy-saving performance, as well as effective utilization of limited resources such as water conservation. Furthermore, a total of 4 properties owned by the Investment Corporation as of the filing date of this document have obtained environmental certification, and the ratio of certification is 6.3% (based on the total floor area of the entire portfolio).

Regarding social initiatives, the Investment Corporation is making efforts to improve tenant satisfaction and contribute to the sustainable development of local communities by building good relationships with external stakeholders related to its real estate held to collaborate with them. In order to further promote supply of excellent healthcare facilities in Japan, as of the date of submission of this document, the Investment Corporation borrowed through social loans (¥4,920 million) and issued social bonds (¥2,000 million) based on the Social Finance Framework formulated in May 2021.

As part of our governance initiatives, the Asset Manager ensures prevention of conflicts of interest, management of risks, and compliance with laws and regulations, and has introduced an asset management fee system linked to the results of management, emphasizing the linkage with unitholder interests.

The Asset Manager formulated a “Climate Change Resilience Policy” in December 2021 and expressed support for the TCFD (Task Force on Climate-related Financial Disclosures) (Note) recommendations to promote clarification of the policy on initiatives to address climate-related issues and the enhancement of disclosure of the content of such initiatives. Furthermore, in January 2022, the Asset Manager joined the TCFD Consortium, an organization formed by companies in Japan expressing support for the recommendations.

In addition, the Investment Corporation has been continuously participating in GRESB Real Estate Assessment since 2018, and received two stars in five-level the GRESB rating based on the global ranking of overall scores in the 2022 GRESB Real Estate Assessment. The Investment Corporation received the “Green Star” assessment given to participants with excellent scores in the “Management Component” assessing policies and organizational structures for ESG promotion and the “Performance Component” assessing environmental performance and initiatives with tenants in properties owned. Furthermore, the Investment Corporation received the highest rank of “A” in the 2022 GRESB disclosure assessment measuring the level of ESG disclosure in recognition of its excellent disclosure related to environmental consideration and sustainability initiatives.

(Note) TCFD (Task Force on Climate-related Financial Disclosures) is an international initiative established by the Financial Stability Board (FSB) at the request of the G20 regarding how climate-related information should be disclosed and addressed by financial institutions.

(d) Summary of Results and Distributions

As a result of the management initiatives described above, the Investment Corporation recorded operating revenue of ¥11,436 million, operating profit of ¥5,341 million, ordinary profit of ¥4,653 million and profit of ¥4,652 million.

As for distributions, the Investment Corporation will distribute the amount of unappropriated retained earnings after adding reversal of reserve for temporary difference adjustments of ¥153 million according to the existing policy.

As a result, total distributions came to ¥4,806 million in the fiscal period under review, and the distribution per unit was ¥2,180 (no change 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/enhancement of distribution of the Investment Corporation.

a. External growth through acquisition of new properties

As the Asset Manager is entrusted with the asset management business by five listed and private investment corporations, including the Investment Corporation, and real estate funds other than the form of 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 been carrying out an investment strategy focused on the healthcare sector (hospitals and nursing care facilities) since 2001, and since 2008 it has concluded an advisory agreement with AIP Healthcare Japan GK, engaged in investment specializing in private nursing homes and other facilities for the elderly. 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 investments 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 who are certified for being eligible of long-term care) and administrative factors (such as nursing and medical insurance systems and regulations on healthcare facilities supply), (ii) local factors such as surrounding environment of the location area of the property (such as transportation accessibility, vicinity to retail and public facilities, and quality as a living environment), 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.

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). The impact of COVID-19 will continue to be monitored by visiting facilities and conducting interviews and such in the form of meetings with facility managers using an online conferencing system. In the event that a case of COVID-19 is found at any of the facilities, the Investment Corporation will take prompt action 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 of financing capacity. The Investment Corporation will also consider equity financing, taking into comprehensive account the acquisition of new properties, the total assets LTV, the 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 June 21, 2022).

(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 September 9, 2022, 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 Minamisenju	Trust beneficiary interests	Rental housing	Arakawa-ku, Tokyo	1,159,000	1,260,000	October 4, 2022	(Note 4)
Gran Casa Hikifune	Trust beneficiary interests	Rental housing	Sumida-ku, Tokyo	2,760,000	2,900,000	October 4, 2022	(Note 5)
Serenite Namba Plie	Trust beneficiary interests	Rental housing	Osaka-shi, Osaka	2,739,200	2,790,000	October 4, 2022	(Note 6)
Gran Casa Oji	Trust beneficiary interests	Rental housing	Kita-ku, Tokyo	1,150,000	1,210,000	October 4, 2022	(Note 6)
Gran Casa Ryogoku East (Note 3)	Trust beneficiary interests	Rental housing	Sumida-ku, Tokyo	1,120,000	1,160,000	October 4, 2022	(Note 6)
Gran Casa Tabata	Trust beneficiary interests	Rental housing	Kita-ku, Tokyo	825,000	917,000	October 4, 2022	(Note 7)
Sunny Life Shibaura	Trust beneficiary interests	Healthcare facilities	Minato-ku, Tokyo	6,280,000	6,450,000	October 4, 2022	(Note 8)
Total	—	—	—	16,033,200	16,687,000	—	—

(Note 1) The amount (the trade price of the trust beneficiary interests recorded in the trust beneficiary interest assignment contract) that does not include the expenses required for the acquisition of the trust beneficiary interests (intermediation fees, taxes and public dues, etc.) is stated.

(Note 2) The date of the appraisal value is August 1, 2022.

(Note 3) The property name of “Livio Maison Ryogoku East” was changed to “Gran Casa Ryogoku East” on April 1, 2022. The same applies hereinafter.

(Note 4) The counterparty is G.K. Tokyo Residential 3.

(Note 5) The counterparty is G.K. Tokyo Residential 6.

(Note 6) The counterparty is G.K. Tokyo Residential 5.

(Note 7) The counterparty is G.K. Tokyo Residential 8.

(Note 8) The counterparty is G.K. DA Healthcare 11.

B. Issuance of New Investment Units

At the meetings of the Board of Directors held on September 9, 2022, and September 14, 2022, the Investment Corporation passed a resolution on issuance of new investment units as follows, and the payment was made for the issuance of new investment units through public offering on October 3, 2022, and for the issuance of new investment units through third-party allotment on October 19, 2022, respectively.

As a result, as of the date of this document, unitholders' capital is ¥138,365,940,475, and the total number of investment units issued and outstanding is 2,260,890 units.

(a) Issuance of new investment units through public offering

Number of new investment units issued	: 53,333 units
Issue price (offering price)	: ¥114,387 per unit
Total issue price (total offering price)	: ¥6,100,601,871
Issue value (paid-in amount)	: ¥110,632 per unit
Total Issue value (total paid-in amount)	: ¥5,900,336,456
Payment date	: October 3, 2022

(b) Issuance of new investment units through third-party allotment

Number of new investment units issued	: 2,667 units
Issue value (paid-in amount)	: ¥110,632 per unit
Total Issue value (total paid-in amount)	: ¥295,055,544
Payment date	: October 19, 2022
Allottee	: Daiwa Securities Co. Ltd.

(c) Use of funds

The funds will be used mainly as the funds for the acquisition of assets described in “A. Acquisition of Assets” above.

C. Borrowing of Funds

The Investment Corporation borrowed funds on October 4, 2022. The funds will be used for part of the funds for the acquisition of the assets described in “A. Acquisition of Assets” above and their incidental expenses.

Summary of borrowings

<Term Loan SS>

Lender	MUFG Bank, Ltd. (Social Loan (Note))
Borrowing amount	¥1,050,000 thousand
Interest rate	JBA three-month Japanese yen TIBOR + 0.5575%
Borrowing date	October 4, 2022
Due date	March 31, 2031
Interest payment date	First on December 30, 2022, and thereafter on the last day of each of March, June, September and December of each year in the period up to the due date, and the due date.
Method of repayment	Lump-sum repayment on the due date
Collateral	Unsecured and unguaranteed

<Term Loan TT>

Lender	The Norinchukin Bank (Social Loan (Note))
Borrowing amount	¥800,000 thousand
Interest rate	JBA three-month Japanese yen TIBOR + 0.5075%
Borrowing date	October 4, 2022
Due date	March 29, 2030
Interest payment date	First on December 30, 2022, and thereafter on the last day of each of March, June, September and December of each year in the period up to the due date, and the due date.
Method of repayment	Lump-sum repayment on the due date
Collateral	Unsecured and unguaranteed

<Term Loan UU>

Lender	Resona Bank, Limited, The Senshu Ikeda Bank, Ltd.
Borrowing amount	¥1,300,000 thousand
Interest rate	JBA three-month Japanese yen TIBOR + 0.4825%
Borrowing date	October 4, 2022
Due date	September 28, 2029
Interest payment date	First on December 30, 2022, and thereafter on the last day of each of March, June, September and December of each year in the period up to the due date, and the due date.
Method of repayment	Lump-sum repayment on the due date
Collateral	Unsecured and unguaranteed

<Individual Loan>

Lender	Sumitomo Mitsui Banking Corporation (Social Loan (Note))
Borrowing amount	¥1,000,000 thousand
Interest rate	JBA three-month Japanese yen TIBOR + 0.5575%
Borrowing date	October 4, 2022
Due date	March 31, 2031
Interest payment date	First on December 30, 2022, and thereafter on the last day of each of March, June, September and December of each year in the period up to the due date, and the due date.
Method of repayment	Lump-sum repayment on the due date
Collateral	Unsecured and unguaranteed

<Individual Loan>

Lender	Sumitomo Mitsui Trust Bank, Limited (Social Loan (Note))
Borrowing amount	¥800,000 thousand
Interest rate	JBA three-month Japanese yen TIBOR + 0.5325%
Borrowing date	October 4, 2022
Due date	September 30, 2030
Interest payment date	First on December 30, 2022, and thereafter on the last day of each of March, June, September and December of each year in the period up to the due date, and the due date.
Method of repayment	Lump-sum repayment on the due date
Collateral	Unsecured and unguaranteed

<Individual Loan>

Lender	Kansai Mirai Bank, Limited
Borrowing amount	¥500,000 thousand
Interest rate	JBA three-month Japanese yen TIBOR + 0.4825%
Borrowing date	October 4, 2022
Due date	September 28, 2029
Interest payment date	First on December 30, 2022, and thereafter on the last day of each of March, June, September and December of each year in the period up to the due date, and the due date.
Method of repayment	Lump-sum repayment on the due date
Collateral	Unsecured and unguaranteed

<Individual Loan>

Lender	The Dai-ichi Life Insurance Company, Limited (Social Loan (Note))
Borrowing amount	¥500,000 thousand
Interest rate	0.7550% (fixed rate)
Borrowing date	October 4, 2022
Due date	September 29, 2028
Interest payment date	First on December 30, 2022, and thereafter on the last day of each of March, June, September and December of each year in the period up to the due date, and the due date.
Method of repayment	Lump-sum repayment on the due date
Collateral	Unsecured and unguaranteed

<Individual Loan>

Lender	The Yamanashi Chuo Bank, Ltd.
Borrowing amount	¥500,000 thousand
Interest rate	JBA three-month Japanese yen TIBOR + 0.4825%
Borrowing date	October 4, 2022
Due date	September 28, 2029
Interest payment date	First on December 30, 2022, and thereafter on the last day of each of March, June, September and December of each year in the period up to the due date, and the due date.
Method of repayment	Lump-sum repayment on the due date
Collateral	Unsecured and unguaranteed

(Note) The borrowing will be made as a “social loan” based on the Social Finance Framework that obtained JCR Social Finance Framework Evaluation by the Japan Credit Rating Agency. Please refer to “Notice Concerning Establishment of Social Finance Framework and Acquisition of JCR Social Finance Framework Evaluation” dated May 20, 2021, for information on the JCR Social Finance Framework Evaluation.

(4) Earnings Outlook

The earnings outlook for the 34th fiscal period (from October 1, 2022 to March 31, 2023) and the 35th fiscal period (from April 1, 2023 to September 30, 2023) is as follows. For the preconditions for this earnings outlook, please refer to “Preconditions for Earnings Forecast for the 34th Fiscal Period (from October 1, 2022 to March 31, 2023) and the 35th Fiscal Period (from April 1, 2023 to September 30, 2023)” 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
34th period	11,723	2.5	5,573	4.3	4,817	3.5	4,816	3.5	2,200	—
35th period	11,706	(0.1)	5,445	(2.3)	4,696	(2.5)	4,696	(2.5)	2,200	—

(Reference) Expected earnings per unit (34th fiscal period): ¥2,130; Expected earnings per unit (35th fiscal period): ¥2,077

(Note) The source of funds for payment of distributions for the 34th fiscal period is the amount of profit after adding reversal of reserve for temporary difference adjustments of ¥156 million and thus it differs from the amount of profit. The source of funds for payment of distributions for the 35th fiscal period is the amount of profit after adding reversal of reserve for temporary difference adjustments of ¥277 million and thus it differs from the amount of profit.

<Preconditions for Earnings Forecast for the 34th Fiscal Period (from October 1, 2022 to March 31, 2023) and the 35th Fiscal Period (from April 1, 2023 to September 30, 2023)>

Item	Preconditions
Dates	<ul style="list-style-type: none"> * 34th fiscal period: from October 1, 2022 to March 31, 2023 (182 days) * 35th fiscal period: from April 1, 2023 to September 30, 2023 (183 days)
Portfolio assets	<ul style="list-style-type: none"> * 248 properties, including one property to be acquired in March 2023 (Gran Casa Kuramae (Note)) added to the 247 properties owned by the Investment Corporation as of today, are assumed. * In practice, assets under management are likely to change due to acquisitions or sales of other properties. (Note) “(Temporary name) Kuramae Project” is scheduled to be completed in January 2023 and the property name is scheduled to be “Gran Casa Kuramae.”
Operating revenue	<ul style="list-style-type: none"> * Operating revenue is calculated under the above assumptions for portfolio assets. * The lease agreement for Gran Casa Ryokuchi Koen, which is being leased in its entirety at present, is scheduled to expire on March 31, 2023, and operating revenue is anticipated to decrease for the 35th fiscal period. * No posting of gain on sale of real estate properties is expected for the 34th fiscal period and the 35th 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 34th fiscal period and the 35th 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 fee is assumed to be ¥482 million for the 34th fiscal period and ¥482 million for the 35th fiscal period. * For the expenditures for repair of buildings, the amount required in the relevant fiscal period is estimated, and is assumed to be ¥378 million for the 34th fiscal period and ¥427 million for the 35th 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 ¥738 million for the 34th fiscal period and ¥768 million for the 35th 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. * Depreciation is calculated using the straight-line method, including incidental expenses and additional future capital expenditure, and is assumed to be ¥2,589 million for the 34th fiscal period and ¥2,590 million for the 35th fiscal period.

Item	Preconditions
Non-operating expenses	<ul style="list-style-type: none"> * Non-operating expenses are assumed to be ¥768 million for the 34th fiscal period and ¥752 million for the 35th fiscal period and consist of the following: <ol style="list-style-type: none"> (1) Interest expenses and interest expenses on investment corporation bonds of ¥564 million for the 34th fiscal period and ¥579 million for the 35th fiscal period (2) Borrowing-related expenses of ¥151 million for the 34th fiscal period and ¥153 million for the 35th fiscal period (3) Investment unit issuance expenses of ¥31 million is expected for the 34th fiscal period and no posting of investment unit issuance expenses is expected for the 35th fiscal period (4) Amortization of investment corporation bond issuance costs of ¥12 million for the 34th fiscal period and ¥12 million for the 35 fiscal period (5) Other expenses of ¥8 million for the 34th fiscal period and ¥6 million for the 35th fiscal period
Interest-bearing debt	<ul style="list-style-type: none"> * The Investment Corporation has outstanding borrowings of ¥166,037 million and outstanding amount of investment corporation bonds issued of ¥22,100 million as of today, and it is assumed that the balance will not change until the 35th fiscal period. * The interest-bearing debt ratio is expected to be 51.4% at the end of both the 34th fiscal period and the 35th 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 2,260,890 units as of today. * Afterward, it is assumed there will be no change to this through to the end of the 35th fiscal period.
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 ¥4,973 million (distribution per unit of ¥2,200), which is the amount obtained by adding the planned reversal of reserve for temporary difference adjustment of ¥156 million (¥69 per unit) to profit of ¥4,816 million (¥2,130 per unit), is assumed to be distributed for the 34th fiscal period. * A total of ¥4,973 million (distribution per unit of ¥2,200), which is the amount obtained by adding the planned reversal of reserve for temporary difference adjustment of ¥277 million (¥122 per unit) to profit of ¥4,696 million (¥2,077 per unit), is assumed to be distributed for the 35th 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.

2. Financial Statements

(1) Balance Sheet

(Unit: thousand yen)

	32nd period (as of March 31, 2022)	33rd period (as of September 30, 2022)
Assets		
Current assets		
Cash and deposits	12,079,825	14,773,837
Cash and deposits in trust	3,037,133	2,990,641
Operating accounts receivable	170,650	157,048
Prepaid expenses	343,335	420,349
Other	107	1
Allowance for doubtful accounts	(4,899)	(6,587)
Total current assets	15,626,153	18,335,291
Non-current assets		
Property, plant and equipment		
Buildings	96,097,843	96,939,998
Accumulated depreciation	(25,633,165)	(26,784,976)
Buildings, net	70,464,678	70,155,022
Structures	497,868	509,981
Accumulated depreciation	(283,082)	(297,604)
Structures, net	214,785	212,376
Machinery and equipment	444,962	455,658
Accumulated depreciation	(268,382)	(279,881)
Machinery and equipment, net	176,580	175,777
Tools, furniture and fixtures	1,150,618	1,222,841
Accumulated depreciation	(625,764)	(696,679)
Tools, furniture and fixtures, net	524,853	526,161
Land	80,650,984	82,038,609
Construction in progress	7,531	1,529
Buildings in trust	91,272,329	91,366,556
Accumulated depreciation	(10,300,003)	(11,494,629)
Buildings in trust, net	80,972,325	79,871,927
Structures in trust	1,096,955	1,097,210
Accumulated depreciation	(181,694)	(208,044)
Structures in trust, net	915,261	889,166
Machinery and equipment in trust	129,387	136,418
Accumulated depreciation	(53,692)	(58,540)
Machinery and equipment in trust, net	75,694	77,877
Tools, furniture and fixtures in trust	392,204	449,712
Accumulated depreciation	(140,671)	(174,963)
Tools, furniture and fixtures in trust, net	251,532	274,748
Land in trust	99,334,289	99,334,289
Construction in progress in trust	3,762	3,762
Total property, plant and equipment	333,592,280	333,561,246
Intangible assets		
Leasehold interests in land	546,283	546,283
Land leasehold interests in trust	63,881	63,564
Trademark right	495	461
Total intangible assets	610,660	610,310

(Unit: thousand yen)

	32nd period (as of March 31, 2022)	33rd period (as of September 30, 2022)
Investments and other assets		
Leasehold and guarantee deposits	13,908	13,718
Long-term prepaid expenses	802,551	840,677
Reserve for repairs	182,728	199,979
Total investments and other assets	999,189	1,054,375
Total non-current assets	335,202,130	335,225,932
Deferred assets		
Investment corporation bond issuance costs	127,830	115,449
Total deferred assets	127,830	115,449
Total assets	350,956,115	353,676,673
Liabilities		
Current liabilities		
Operating accounts payable	478,036	525,534
Current portion of long-term borrowings	19,400,000	18,200,000
Accounts payable - other	22,454	30,082
Accrued expenses	774,223	797,859
Income taxes payable	605	605
Accrued consumption tax	26,374	25,908
Advances received	867,508	865,409
Other	5,991	7,615
Total current liabilities	21,575,195	20,453,015
Non-current liabilities		
Investment corporation bonds	22,100,000	22,100,000
Long-term borrowings	137,387,000	141,387,000
Leasehold and guarantee deposits received	1,079,689	1,080,874
Leasehold and guarantee deposits received in trust	3,320,630	3,316,762
Asset retirement obligations	118,510	118,835
Other	2,424	1,362
Total non-current liabilities	164,008,254	168,004,834
Total liabilities	185,583,449	188,457,850
Net assets		
Unitholders' equity		
Unitholders' capital	132,170,548	132,170,548
Surplus		
Capital surplus	20,620,242	20,620,242
Voluntary retained earnings		
Reserve for dividends	875,895	875,895
Reserve for temporary difference adjustments	*2 7,084,436	*2 6,899,318
Total voluntary retained earnings	7,960,332	7,775,214
Unappropriated retained earnings (undisposed loss)	4,621,541	4,652,818
Total surplus	33,202,116	33,048,275
Total unitholders' equity	165,372,665	165,218,823
Total net assets	*1 165,372,665	*1 165,218,823
Total liabilities and net assets	350,956,115	353,676,673

(2) Statement of Income

(Unit: thousand yen)

	32nd period (from October 1, 2021 to March 31, 2022)	33rd period (from April 1, 2022 to September 30, 2022)
Operating revenue		
Leasing business revenue	*1, *2 11,263,295	*1, *2 11,436,512
Total operating revenue	11,263,295	11,436,512
Operating expenses		
Expenses related to leasing business	*1 4,696,974	*1 4,806,426
Asset management fees	796,700	823,700
Remuneration for directors (and other officers)	8,250	6,000
Asset custody fees	18,161	18,710
Administrative service fees	49,857	51,706
Audit fees	15,000	15,000
Provision of allowance for doubtful accounts	193	3,527
Bad debt expenses	107	—
Other operating expenses	353,504	369,561
Total operating expenses	5,938,749	6,094,633
Operating profit	5,324,546	5,341,879
Non-operating income		
Interest income	11	11
Miscellaneous income	24,644	17,460
Total non-operating income	24,655	17,471
Non-operating expenses		
Interest expenses	468,384	470,653
Interest expenses on investment corporation bonds	62,826	66,548
Borrowing related expenses	151,053	153,308
Investment unit issuance expenses	29,090	—
Amortization of investment corporation bond issuance costs	11,886	12,380
Other	3,812	3,036
Total non-operating expenses	727,055	705,927
Ordinary profit	4,622,146	4,653,423
Profit before income taxes	4,622,146	4,653,423
Income taxes - current	605	605
Total income taxes	605	605
Profit	4,621,541	4,652,818
Unappropriated retained earnings (undisposed loss)	4,621,541	4,652,818

(3) Statement of Unitholders' Equity

32nd period (from October 1, 2021 to March 31, 2022)

(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	124,110,336	20,620,242	875,895	7,256,068	8,131,963	4,432,507	33,184,714	157,295,050
Changes during period								
Issuance of new investment units	8,060,212							8,060,212
Reversal of reserve for temporary difference adjustments				(171,631)	(171,631)	171,631	—	—
Dividends of surplus						(4,604,139)	(4,604,139)	(4,604,139)
Profit						4,621,541	4,621,541	4,621,541
Net changes in items other than unitholders' equity								
Total changes during period	8,060,212	—	—	(171,631)	(171,631)	189,033	17,402	8,077,614
Balance at end of period	132,170,548	20,620,242	875,895	7,084,436	7,960,332	4,621,541	33,202,116	165,372,665

	Total net assets
Balance at beginning of period	157,295,050
Changes during period	
Issuance of new investment units	8,060,212
Reversal of reserve for temporary difference adjustments	—
Dividends of surplus	(4,604,139)
Profit	4,621,541
Net changes in items other than unitholders' equity	—
Total changes during period	8,077,614
Balance at end of period	165,372,665

33rd period (from April 1, 2022 to September 30, 2022)

(Unit: thousand yen)

	Unitholders' equity							
	Unitholders' capital	Surplus						Unitholders' equity Total
		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	132,170,548	20,620,242	875,895	7,084,436	7,960,332	4,621,541	33,202,116	165,372,665
Changes during period								
Reversal of reserve for temporary difference adjustments				(185,118)	(185,118)	185,118	—	—
Dividends of surplus						(4,806,660)	(4,806,660)	(4,806,660)
Profit						4,652,818	4,652,818	4,652,818
Net changes in items other than unitholders' equity								
Total changes during period	—	—	—	(185,118)	(185,118)	31,276	(153,841)	(153,841)
Balance at end of period	132,170,548	20,620,242	875,895	6,899,318	7,775,214	4,652,818	33,048,275	165,218,823

	Total net assets
Balance at beginning of period	165,372,665
Changes during period	
Reversal of reserve for temporary difference adjustments	—
Dividends of surplus	(4,806,660)
Profit	4,652,818
Net changes in items other than unitholders' equity	—
Total changes during period	(153,841)
Balance at end of period	165,218,823

(4) Statement of Cash Distributions

Item	32nd period (from October 1, 2021 to March 31, 2022)	33rd period (from April 1, 2022 to September 30, 2022)
I. Unappropriated retained earnings	¥4,621,541,880	¥4,652,818,657
II. Reversal of voluntary retained earnings		
Reversal of reserve for temporary difference adjustments	*1 ¥185,118,320	*1 ¥153,841,543
III. Amount of distributions	¥4,806,660,200	¥4,806,660,200
[Amount of distribution per investment unit]	(¥2,180)	(¥2,180)
IV. 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, ¥4,806,660,200, which was the maximum integral multiple of 2,204,890 investment units issued and an amount not exceeding the amount obtained upon adding ¥185,118,320 of reversal of reserve for temporary difference adjustments to ¥4,621,541,880 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, ¥4,806,660,200, the maximum integral multiple of the 2,204,890 investment units issued and an amount not exceeding the amount obtained by adding ¥153,841,543 of reversal of reserve for temporary difference adjustments to ¥4,652,818,657 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)

	32nd period (from October 1, 2021 to March 31, 2022)	33rd period (from April 1, 2022 to September 30, 2022)
Cash flows from operating activities		
Profit before income taxes	4,622,146	4,653,423
Depreciation	2,497,996	2,509,181
Amortization of long-term prepaid expenses	118,766	118,499
Amortization of investment corporation bond issuance costs	11,886	12,380
Interest income	(11)	(11)
Interest expenses	468,384	470,653
Interest expenses on investment corporation bonds	62,826	66,548
Increase (decrease) in allowance for doubtful accounts	(1,451)	1,688
Decrease (increase) in operating accounts receivable	(9,290)	13,601
Decrease (increase) in prepaid expenses	35,658	(71,566)
Increase (decrease) in operating accounts payable	51,427	17,985
Increase (decrease) in accrued consumption taxes	(5,061)	(466)
Increase (decrease) in accounts payable - other	484	7,535
Increase (decrease) in accrued expenses	20,617	22,747
Increase (decrease) in advances received	65,863	(2,098)
Long-term prepaid expenses paid	(115,757)	(162,073)
Other	6,677	(18,188)
Subtotal	7,831,164	7,639,839
Interest received	11	11
Interest paid	(528,206)	(537,374)
Income taxes paid	(605)	(605)
Net cash provided by (used in) operating activities	7,302,364	7,101,871
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,251,372)	(2,156,718)
Purchase of property, plant and equipment in trust	(14,556,822)	(288,452)
Refund of leasehold and guarantee deposits received	(74,725)	(87,665)
Proceeds from leasehold and guarantee deposits received	71,940	88,919
Refund of leasehold and guarantee deposits received in trust	(33,370)	(34,192)
Proceeds from leasehold and guarantee deposits received in trust	202,445	30,324
Net cash provided by (used in) investing activities	(15,641,904)	(2,447,785)

	(Unit: thousand yen)	
	32nd period (from October 1, 2021 to March 31, 2022)	33rd period (from April 1, 2022 to September 30, 2022)
Cash flows from financing activities		
Proceeds from issuance of investment corporation bonds	2,000,000	—
Proceeds from short-term borrowings	2,370,000	—
Repayments of short-term borrowings	(2,370,000)	—
Proceeds from long-term borrowings	7,700,000	12,800,000
Repayments of long-term borrowings	(3,500,000)	(10,000,000)
Proceeds from issuance of investment units	8,031,121	—
Payment of investment corporation bond issuance costs	(19,917)	—
Distributions paid	(4,603,917)	(4,806,567)
Net cash provided by (used in) financing activities	9,607,287	(2,006,567)
Net increase (decrease) in cash and cash equivalents	1,267,747	2,647,518
Cash and cash equivalents at beginning of period	13,849,212	15,116,959
Cash and cash equivalents at end of period	*1 15,116,959	*1 17,764,478

(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 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	1–70 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 intangible assets 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 at the amount which is 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 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 on non-current assets and deferred assets

Non-current assets and deferred assets are 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

32nd period (as of March 31, 2022)

(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	6,069,914	—	159,650	5,910,264	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	1,186,153	—	11,981	1,174,171	Appropriation to the distribution
Total	7,931,256	7,256,068	—	171,631	7,084,436	

(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.

33rd period (as of September 30, 2022)

(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	5,910,264	—	173,136	5,737,127	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	1,174,171	—	11,981	1,162,190	Appropriation to the distribution
Total	7,931,256	7,084,436	—	185,118	6,899,318	

(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. Breakdown of profit (loss) on operations of rental properties

	32nd period from October 1, 2021 to March 31, 2022	33rd period from April 1, 2022 to September 30, 2022
A. Leasing business revenue		
Rent income	¥10,011,605 thousand	¥10,115,380 thousand
Common area charges	¥510,009 thousand	¥519,639 thousand
Parking revenue	¥311,528 thousand	¥313,232 thousand
Incidental revenue	¥94,729 thousand	¥104,827 thousand
Other leasing business revenue	¥335,422 thousand	¥383,433 thousand
Total	¥11,263,295 thousand	¥11,436,512 thousand
B. Expenses related to leasing business		
Management fees	¥509,080 thousand	¥508,244 thousand
Taxes	¥700,995 thousand	¥738,590 thousand
Utilities expenses	¥177,420 thousand	¥190,166 thousand
Repair expenses	¥386,717 thousand	¥448,295 thousand
Insurance expenses	¥28,116 thousand	¥31,519 thousand
Advertising expenses	¥270,902 thousand	¥249,646 thousand
Trust fees	¥22,076 thousand	¥22,075 thousand
Depreciation	¥2,497,996 thousand	¥2,509,181 thousand
Other expenses related to leasing business	¥103,668 thousand	¥108,707 thousand
Total	¥4,696,974 thousand	¥4,806,426 thousand
C. Net profit on operations of rental properties (A – B)	¥6,566,321 thousand	¥6,630,086 thousand

*2. Trading volume with major unitholders

	32nd period from October 1, 2021 to March 31, 2022	33rd period from April 1, 2022 to September 30, 2022
Trading volume through sales transactions		
Leasing business revenue	¥14,316 thousand	¥14,034 thousand

(Notes to Statement of Unitholders' Equity)

	32nd period from October 1, 2021 to March 31, 2022	33rd period from April 1, 2022 to September 30, 2022
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	2,204,890 units	2,204,890 units

(Notes to Statement of Cash Distributions)

*1. Reserve for temporary difference adjustments

32nd period (from October 1, 2021 to March 31, 2022)

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 ¥173,136,974 in the fiscal period ended March 2022.

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 2022.

33rd period (from April 1, 2022 to September 30, 2022)

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 ¥141,860,197 in the fiscal period ended September 2022.

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 September 2022.

(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:

	32nd period from October 1, 2021 to March 31, 2022	33rd period from April 1, 2022 to September 30, 2022
Cash and deposits	¥12,079,825 thousand	¥14,773,837 thousand
Cash and deposits in trust	¥3,037,133 thousand	¥2,990,641 thousand
Cash and cash equivalents	¥15,116,959 thousand	¥17,764,478 thousand

(Notes on Related-Party Transactions)

1. Parent company, major corporate unitholder, etc.

Not applicable for the 32nd period and 33rd period.

2. Subsidiary, etc.

Not applicable for the 32nd period and 33rd period.

3. Fellow subsidiary, etc.

32nd period (from October 1, 2021 to March 31, 2022)

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	Good Time Living Co. Ltd.	Chiyoda -ku, Tokyo	50,000	Operation of fee-based homes for the elderly, etc.	Owned by the company Direct 0.49	Healthcare facility renter and operator	Leasing business revenue, etc.	1,266,092	Advances received	199,315
									Leasehold and guarantee deposits received in trust	1,252,255
Subsidiary of major unitholder	G.K. Tokyo Residential 4 (Note 2)	Chuo -ku, Tokyo	400	Investment management	—	Seller of real estate trust beneficiary interests	Purchase of real estate trust beneficiary interests (Note 6) (Note 7)	4,310,000	—	—
Subsidiary of major unitholder	G.K. Tokyo Residential 2 (Note 3)	Chuo -ku, Tokyo	400	Investment management	—	Seller of real estate trust beneficiary interests	Purchase of real estate trust beneficiary interests (Note 6) (Note 7)	2,606,771	—	—
Subsidiary of major unitholder	G.K. DA Healthcare 4 (Note 4)	Minato -ku, Tokyo	300	Investment management	—	Seller of real estate trust beneficiary interests	Purchase of real estate trust beneficiary interests (Note 6) (Note 7)	2,550,000	—	—
Subsidiary of major unitholder	G.K. DA Healthcare 8 (Note 5)	Minato -ku, Tokyo	200	Investment management	—	Seller of real estate trust beneficiary interests	Purchase of real estate trust beneficiary interests (Note 6) (Note 7)	1,500,000	—	—
Subsidiary of major unitholder	Daiwa Facilities Co., Ltd.	Chuo -ku, Tokyo	100,000	Real estate leasing and management business	—	Seller of real estate trust beneficiary interests	Purchase of real estate trust beneficiary interests (Note 6) (Note 7)	2,338,000	—	—

(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) Dissolved on January 24, 2022, with the consent of all members.

(Note 3) Dissolved on January 31, 2022, with the consent of all members.

(Note 4) Dissolved on December 31, 2021, with the consent of all members.

(Note 5) Dissolved on December 28, 2021, with the consent of all members.

(Note 6) The terms and conditions of transactions with interested persons or other close affiliates were determined based on the internal rules on measures against conflicts of interest of the Asset Manager.

(Note 7) 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 8) The terms and conditions of transactions were determined based on market conditions.

33rd period (from April 1, 2022 to September 30, 2022)

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	Good Time Living Co. Ltd.	Chiyoda -ku, Tokyo	50,000	Operation of fee-based homes for the elderly, etc.	Owned by the company Direct 0.49	Healthcare facility renter and operator	Leasing business revenue, etc.	1,267,926	Advances received	199,315
									Leasehold and guarantee deposits received in trust	1,252,255

(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) The terms and conditions of transactions with interested persons or other close affiliates were determined based on the internal rules on measures against conflicts of interest of the Asset Manager.

(Note 3) The terms and conditions of transactions were determined based on market conditions.

4. Director, major individual unitholder, etc.

Not applicable for the 32nd period and 33rd period.

(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)

			32nd period from October 1, 2021 to March 31, 2022	33rd period from April 1, 2022 to September 30, 2022
Rental residential properties	Carrying amount (Note 2)	Balance at the beginning of the period	320,797,979	334,191,152
		Net increase (decrease) during the period (Note 3) (Note 4)	13,393,172	(25,347)
		Balance at the end of the period	334,191,152	334,165,804
	Fair value at the end of the period (Note 5)		418,006,000	425,262,000

(Note 1) For a summary of the rental residential properties, please refer to “3. Reference Information; (1) Information on Price of Assets under Management” 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 32nd period, major increase during the period was acquisition of 1 real estate properties and trust beneficiary interests in 6 real estate (¥15,249,488 thousand) and major decrease was depreciation (¥2,497,996 thousand).

(Note 4) For the 33rd period, major increase during the period was acquisition of 1 real estate property (¥1,892,048 thousand) and major decrease was depreciation (¥2,509,181 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]

32nd period (from October 1, 2021 to March 31, 2022)

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.	1,266,092	Real estate investment business

33rd period (from April 1, 2022 to September 30, 2022)

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.	1,267,926	Real estate investment business

(Notes on Per Unit Information)

	32nd period from October 1, 2021 to March 31, 2022	33rd period from April 1, 2022 to September 30, 2022
Net assets per unit	¥75,002	¥74,932
Earnings per unit	¥2,096	¥2,110

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:

	32nd period from October 1, 2021 to March 31, 2022	33rd period from April 1, 2022 to September 30, 2022
Profit (thousand yen)	4,621,541	4,652,818
Amount not attributable to common unitholders (thousand yen)	—	—
Profit attributable to common investment units (thousand yen)	4,621,541	4,652,818
Average number of investment units during the period (units)	2,204,591	2,204,890

(Notes on Significant Subsequent Events)

A. Acquisition of Assets

The Investment Corporation acquired the assets for which purchase and sale agreements were concluded on September 9, 2022, 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 Minamisenju	Trust beneficiary interests	Rental housing	Arakawa-ku, Tokyo	1,159,000	1,260,000	October 4, 2022	(Note 3)
Gran Casa Hikifune	Trust beneficiary interests	Rental housing	Sumida-ku, Tokyo	2,760,000	2,900,000	October 4, 2022	(Note 4)
Serenite Namba Plie	Trust beneficiary interests	Rental housing	Osaka-shi, Osaka	2,739,200	2,790,000	October 4, 2022	(Note 5)
Gran Casa Oji	Trust beneficiary interests	Rental housing	Kita-ku, Tokyo	1,150,000	1,210,000	October 4, 2022	(Note 5)
Gran Casa Ryogoku East	Trust beneficiary interests	Rental housing	Sumida-ku, Tokyo	1,120,000	1,160,000	October 4, 2022	(Note 5)
Gran Casa Tabata	Trust beneficiary interests	Rental housing	Kita-ku, Tokyo	825,000	917,000	October 4, 2022	(Note 6)
Sunny Life Shibaura	Trust beneficiary interests	Healthcare facilities	Minato-ku, Tokyo	6,280,000	6,450,000	October 4, 2022	(Note 7)
Total	—	—	—	16,033,200	16,687,000	—	—

(Note 1) The amount (the trade price of the trust beneficiary interests recorded in the trust beneficiary interest assignment contract) that does not include the expenses required for the acquisition of the trust beneficiary interests (intermediation fees, taxes and public dues, etc.) is stated.

(Note 2) The date of the appraisal value is August 1, 2022.

(Note 3) The counterparty is G.K. Tokyo Residential 3.

(Note 4) The counterparty is G.K. Tokyo Residential 6.

(Note 5) The counterparty is G.K. Tokyo Residential 5.

(Note 6) The counterparty is G.K. Tokyo Residential 8.

(Note 7) The counterparty is G.K. DA Healthcare 11.

B. Issuance of New Investment Units

At the meetings of the Board of Directors held on September 9, 2022, and September 14, 2022, the Investment Corporation passed a resolution on issuance of new investment units as follows, and the payment was made for the issuance of new investment units through public offering on October 3, 2022, and for the issuance of new investment units through third-party allotment on October 19, 2022, respectively.

As a result, as of the date of this document, unitholders' capital is ¥138,365,940,475, and the total number of investment units issued and outstanding is 2,260,890 units.

(a) Issuance of new investment units through public offering

Number of new investment units issued	: 53,333 units
Issue price (offering price)	: ¥114,387 per unit
Total issue price (total offering price)	: ¥6,100,601,871
Issue value (paid-in amount)	: ¥110,632 per unit
Total Issue value (total paid-in amount)	: ¥5,900,336,456
Payment date	: October 3, 2022

(b) Issuance of new investment units through third-party allotment

Number of new investment units issued	: 2,667 units
Issue value (paid-in amount)	: ¥110,632 per unit
Total Issue value (total paid-in amount)	: ¥295,055,544
Payment date	: October 19, 2022
Allottee	: Daiwa Securities Co. Ltd.

(c) Use of funds

The funds will be used mainly as the funds for the acquisition of assets described in “A. Acquisition of Assets” above.

C. Borrowing of Funds

The Investment Corporation borrowed funds on October 4, 2022. The funds will be used for part of the funds for the acquisition of the assets described in “A. Acquisition of Assets” above and their incidental expenses.

Summary of borrowings

<Term Loan SS>

Lender	MUFG Bank, Ltd. (Social Loan (Note))
Borrowing amount	¥1,050,000 thousand
Interest rate	JBA three-month Japanese yen TIBOR + 0.5575%
Borrowing date	October 4, 2022
Due date	March 31, 2031
Interest payment date	First on December 30, 2022, and thereafter on the last day of each of March, June, September and December of each year in the period up to the due date, and the due date.
Method of repayment	Lump-sum repayment on the due date
Collateral	Unsecured and unguaranteed

<Term Loan TT>

Lender	The Norinchukin Bank (Social Loan (Note))
Borrowing amount	¥800,000 thousand
Interest rate	JBA three-month Japanese yen TIBOR + 0.5075%
Borrowing date	October 4, 2022
Due date	March 29, 2030
Interest payment date	First on December 30, 2022, and thereafter on the last day of each of March, June, September and December of each year in the period up to the due date, and the due date.
Method of repayment	Lump-sum repayment on the due date
Collateral	Unsecured and unguaranteed

<Term Loan UU>

Lender	Resona Bank, Limited, The Senshu Ikeda Bank, Ltd.
Borrowing amount	¥1,300,000 thousand
Interest rate	JBA three-month Japanese yen TIBOR + 0.4825%
Borrowing date	October 4, 2022
Due date	September 28, 2029
Interest payment date	First on December 30, 2022, and thereafter on the last day of each of March, June, September and December of each year in the period up to the due date, and the due date.
Method of repayment	Lump-sum repayment on the due date
Collateral	Unsecured and unguaranteed

<Individual Loan>

Lender	Sumitomo Mitsui Banking Corporation (Social Loan (Note))
Borrowing amount	¥1,000,000 thousand
Interest rate	JBA three-month Japanese yen TIBOR + 0.5575%
Borrowing date	October 4, 2022
Due date	March 31, 2031
Interest payment date	First on December 30, 2022, and thereafter on the last day of each of March, June, September and December of each year in the period up to the due date, and the due date.
Method of repayment	Lump-sum repayment on the due date
Collateral	Unsecured and unguaranteed

<Individual Loan>

Lender	Sumitomo Mitsui Trust Bank, Limited (Social Loan (Note))
Borrowing amount	¥800,000 thousand
Interest rate	JBA three-month Japanese yen TIBOR + 0.5325%
Borrowing date	October 4, 2022
Due date	September 30, 2030
Interest payment date	First on December 30, 2022, and thereafter on the last day of each of March, June, September and December of each year in the period up to the due date, and the due date.
Method of repayment	Lump-sum repayment on the due date
Collateral	Unsecured and unguaranteed

<Individual Loan>

Lender	Kansai Mirai Bank, Limited
Borrowing amount	¥500,000 thousand
Interest rate	JBA three-month Japanese yen TIBOR + 0.4825%
Borrowing date	October 4, 2022
Due date	September 28, 2029
Interest payment date	First on December 30, 2022, and thereafter on the last day of each of March, June, September and December of each year in the period up to the due date, and the due date.
Method of repayment	Lump-sum repayment on the due date
Collateral	Unsecured and unguaranteed

<Individual Loan>

Lender	The Dai-ichi Life Insurance Company, Limited (Social Loan (Note))
Borrowing amount	¥500,000 thousand
Interest rate	0.7550% (fixed rate)
Borrowing date	October 4, 2022
Due date	September 29, 2028
Interest payment date	First on December 30, 2022, and thereafter on the last day of each of March, June, September and December of each year in the period up to the due date, and the due date.
Method of repayment	Lump-sum repayment on the due date
Collateral	Unsecured and unguaranteed

<Individual Loan>

Lender	The Yamanashi Chuo Bank, Ltd.
Borrowing amount	¥500,000 thousand
Interest rate	JBA three-month Japanese yen TIBOR + 0.4825%
Borrowing date	October 4, 2022
Due date	September 28, 2029
Interest payment date	First on December 30, 2022, and thereafter on the last day of each of March, June, September and December of each year in the period up to the due date, and the due date.
Method of repayment	Lump-sum repayment on the due date
Collateral	Unsecured and unguaranteed

(Note) The borrowing will be made as a “social loan” based on the Social Finance Framework that obtained JCR Social Finance Framework Evaluation by the Japan Credit Rating Agency. Please refer to “Notice Concerning Establishment of Social Finance Framework and Acquisition of JCR Social Finance Framework Evaluation” dated May 20, 2021, for information on the JCR Social Finance Framework Evaluation.

(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, notes on asset retirement obligations, notes on revenue recognition, and notes on accounting estimates 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)
October 1, 2021	Capital increase through public offering	70,476	2,202,022	7,745,030,496	131,855,366,747	(Note 5)
October 20, 2021	Capital increase through third-party allotment	2,868	2,204,890	315,181,728	132,170,548,475	(Note 6)

(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.

(Note 5) The Investment Corporation issued new investment units through public offering at an issue price of ¥113,626 (issue value of ¥109,896) per unit for the purpose of acquiring new properties.

(Note 6) The Investment Corporation issued new investment units through third-party allocation at an issue value of ¥109,896 per unit for the purpose of repaying part of borrowings and partly using to acquire specified assets in the future.

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 the real estate in trust of real estate trust beneficiary interests (hereinafter “trust beneficiary interests”) 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	33rd period (as of September 30, 2022)	
			Total amount held (million yen) (Note 3)	Ratio to total assets (%) (Note 4)
Real estate	Rental housing	23 wards of Tokyo	81,746	23.1
		Three major metropolitan areas (Note 1)	53,664	15.2
		Other major cities (Note 1)	18,243	5.2
	Healthcare facilities	Three major metropolitan areas (Note 2)	—	—
		Core city areas (Note 2)	—	—
		Other (Note 2)	—	—
	Subtotal		153,654	43.4
Trust beneficiary interest	Rental housing	23 wards of Tokyo	17,715	5.0
		Three major metropolitan areas (Note 1)	44,994	12.7
		Other major cities (Note 1)	13,654	3.9
	Healthcare facilities	Three major metropolitan areas (Note 2)	94,465	26.7
		Core city areas (Note 2)	9,681	2.7
		Other (Note 2)	—	—
	Subtotal		180,511	51.0
Deposits and other assets			19,510	5.5
Total assets			353,676	100.0

	33rd period (as of September 30, 2022)	
	Amount (million yen)	Ratio to total assets (%) (Note 4)
Total liabilities (Note 5)	188,457	53.3
Total net assets (Note 5)	165,218	46.7
Total assets	353,676	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 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 interest, 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 interest held by the Investment Corporation as of the end of the fiscal period.

(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	1.5	4,509	7,470
		Turkey's Denenchofu No.2	281	0.1	262	333
		Joy Oyamadai	624	0.2	684	745
		willDo Otsuka	725	0.2	713	830
		Toshin Shoto Mansion	912	0.3	954	1,130
		Harmony Kamikitazawa	400	0.1	392	412
		College Square KitaIkebukuro	727	0.2	611	795
		College Square Tobu Nerima	892	0.3	784	962
		College Square Akatsuka	734	0.2	616	828
		College Square Waseda II	215	0.1	182	338
		College Square Myogadani	1,060	0.3	973	1,480
		College Square Shinkoiwa	724	0.2	641	782
		College Square Kiba	639	0.2	536	854
		College Square Kinshicho	490	0.1	438	629
		College Square Waseda	316	0.1	292	422
		Lexington Square Shinjuku Gyoen	1,010	0.3	1,009	1,390
		Prospect NihombashiHoncho	808	0.2	746	1,370
		Maison de Ville Takanawa Gyoranzaka	1,480	0.4	1,461	2,090
		Roppongi Rise House	912	0.3	859	1,380
		TK Flats Shibuya	4,770	1.4	4,398	7,010
		Maison de Ville Naka-Meguro	1,050	0.3	1,019	1,770
		Prospect KALON Minowa	1,620	0.5	1,370	2,520
		Prospect Shinonomebashi	3,040	0.9	2,709	4,670
		Prospect Monzennakacho	1,080	0.3	981	1,550
		Prospect Ogikubo	701	0.2	617	976
		Exceria Ikebukuro West II	852	0.2	813	1,170
		Prospect OmoriKaigan	1,480	0.4	1,389	2,310
		Gala Place Shinjuku Gyoen	2,170	0.6	2,096	3,600
		Joyce Court	3,010	0.9	2,876	4,580
		Gran Casa Asakusa (Note 4)	1,216	0.4	1,135	2,230
		Gran Casa Roppongi	1,480	0.4	752	1,000
		Gran Casa MinamiAoyama	3,750	1.1	2,265	2,340
		Storia Jingumae	3,160	0.9	3,169	2,800
		Gran Casa Shinjuku Gyoen	2,525	0.7	2,473	4,170
		Lietocourt Yotsuya	1,716	0.5	1,712	2,670
		Lietocourt Motoakasaka	1,095	0.3	1,096	1,820
		Gran Casa Ginza East	2,000	0.6	2,007	2,750
		Gran Casa Minowa	850	0.2	839	1,080
		Gran Casa Honkomagome	1,500	0.4	1,585	1,770
		Gran Casa Nihonbashi Hamacho	930	0.3	995	1,050
		Gran Casa Magome I	602	0.2	647	635
		Gran Casa OmoriKaigan	1,119	0.3	1,203	1,190
		Gran Casa Ueno Ikenohata	1,420	0.4	1,485	1,560
		Gran Casa Sumiyoshi	1,140	0.3	1,229	1,250
		Gran Casa Ueno Iriya	1,225	0.4	1,324	1,340
		Gran Casa Monzennakacho	780	0.2	826	849
		Gran Casa Magome II	700	0.2	735	739
		Gran Casa Itabashi EAST	955	0.3	1,001	990
		Gran Casa Kiyosumi Shirakawa	1,775	0.5	1,895	1,900
		Profit Link Takenotsuka	636	0.2	621	759
		Dream Heights	358	0.1	375	527
		Green Hills Asukayama	587	0.2	554	744
		Oji Heights	347	0.1	336	504
		Sakagami Royal Heights No. II	360	0.1	340	513
		willDo Todoroki	1,764	0.5	1,743	1,970
		MGA Kanamachi	484	0.1	478	494
		Greenhills Roka	662	0.2	686	779

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	Lofty Hirai	324	0.1	303	378
		Colonnade Kasuga	3,115	0.9	3,202	2,830
		The Palms Yoyogi Uehara Cosmo Terrace	1,250	0.4	1,256	1,630
		Sun Terrace Yoyogi Uehara	1,180	0.3	1,195	1,720
		Prospect Nihonbashikoamicho	840	0.2	736	1,440
		Park Terrace Ebisu	2,060	0.6	1,972	3,520
		Prospect Shibuya Dogenzaka	1,590	0.5	1,549	2,590
		Prospect Glarsa Hiroo	3,560	1.0	3,133	5,660
		Prospect Hatsudai	518	0.1	485	753
		Prospect NishiSugamo	1,110	0.3	1,027	1,670
		Prospect Machiya	484	0.1	384	710
		Prospect KiyosumiTeien	2,630	0.8	2,392	4,270
		Prospect Morishita	1,260	0.4	1,105	1,820
		Prospect OnshiKoen	1,110	0.3	961	1,900
		BELNOS 34	1,700	0.5	1,736	2,950
		SK Residence	805	0.2	769	1,240
		Angel Heim Nishi-Rokugo No. 2	1,012	0.3	934	1,530
		Glana Ueno	1,100	0.3	1,032	1,850
		Lietocourt Asakusabashi	1,615	0.5	1,566	2,630
		Gran Casa ShinKoiwa	1,510	0.4	1,498	1,680
		Gran Casa Ryogoku Ichibankan	1,420	0.4	1,439	1,510
		Gran Casa Ryogoku Nibankan	770	0.2	787	833
		Gran Casa Bunkyo Sengoku	1,480	0.4	1,529	1,640
	Three major metropolitan areas	willDo Yokohama Minami	233	0.1	185	288
		willDo Kanayama masaki	490	0.1	380	606
		willDo Ichioka	722	0.2	594	707
		willDo Ebie	350	0.1	303	361
		willDo ImafukuNishi	413	0.1	332	439
		VISTA Supreme	563	0.2	476	537
		willDo Chiyoda	633	0.2	488	652
		willDo Taiko dori	1,120	0.3	985	1,450
		willDo Kanayama	370	0.1	292	433
		willDo Kanayama sawashita	375	0.1	293	454
		willDo Tsukamoto	730	0.2	618	888
		willDo Tanimachi	1,040	0.3	925	1,060
		willDo Namba w II	486	0.1	403	489
		willDo Namba w I	690	0.2	547	692
		willDo Kachigawa	503	0.1	384	735
		Stagea Kogane	600	0.2	473	648
		willDo Hamasaki dori	2,280	0.7	1,882	2,300
		willDo Minamimorimachi	493	0.1	446	541
		willDo Minami Urawa	396	0.1	345	503
		willDo Matsuyamachi	810	0.2	692	1,050
		willDo Higashibetsuin	703	0.2	550	796
		willDo ShinOsaka	861	0.2	729	1,110
		College Square Higashikurume	523	0.2	403	627
		willDo Matsubara	549	0.2	439	642
		willDo Sannomiya East	731	0.2	563	880
		willDo Kujo	537	0.2	495	656
		willDo Daikancho	655	0.2	527	668
		willDo Takabata	494	0.1	383	575
		Prospect MusashiShinjo	1,050	0.3	897	1,380
		Fragrance Kawasaki	548	0.2	456	782
		Prospect ChuoRinkan	524	0.2	414	717
		Prospect Nakanoshima	734	0.2	655	1,040
		Prospect Toyonaka Hattori	366	0.1	291	460
		Prospect Shimogamo	281	0.1	245	310
		Prospect Kawaramachi Gojo	583	0.2	496	726
		Gransys Esaka	1,260	0.4	1,171	1,840
		Serenite Koshien	2,550	0.7	2,300	3,380
		Pregio Miyakojima	1,610	0.5	1,509	2,080
		Serenite ShinOsaka Nibankan	3,510	1.0	3,354	4,300

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	Gran Casa UmedaKita	2,050	0.6	1,969	2,600
		Serenite Honmachi Grande	4,286	1.2	3,981	6,280
		Gransys Tenmabashi	4,050	1.2	3,963	5,420
		DayGran Tsurumi	1,030	0.3	1,032	1,320
		Sakura Hills Riverside WEST	1,920	0.6	1,837	2,470
		Sakura Hills Riverside EAST	1,030	0.3	990	1,310
		Sakura Hills Meieki NORTH	750	0.2	733	991
		Runai Nippombashi anhelo	1,400	0.4	1,379	1,890
		HS Umeda EAST	2,151	0.6	2,111	2,760
		Serenite Umeda EST	1,057	0.3	1,037	1,350
		Serenite Yuhigaoka EST	811	0.2	798	1,030
		Serenite Umeda Reflet	1,148	0.3	1,180	1,380
		Gran Casa Urayasu	886	0.3	937	940
		Gran Casa Chiyoda	959	0.3	991	1,010
		Gran Casa Nambamotomachi	5,820	1.7	6,213	6,550
		Gran Casa Ryokuchi Koen	2,600	0.8	2,690	2,910
		Gran Casa Shin-Osaka SOUTH	4,310	1.2	4,636	4,640
		Serenite Nippombashi Prier	2,606	0.8	2,749	2,840
		Gran Casa Tennoji EAST	846	0.2	914	867
		Sereno Omiya	1,554	0.4	1,631	2,060
		Suzuran-kan	441	0.1	420	688
		Bonheur Tokiwa	752	0.2	775	910
		Libest NishiChiba	2,152	0.6	1,846	2,740
		willDo Temmacho	627	0.2	526	826
		willDo NishiAkashi	635	0.2	539	915
		Libest Higashi Nakayama	1,371	0.4	1,172	1,850
		Stellato City Sakurayama	735	0.2	608	871
		La Vita Nippombashi	1,860	0.5	1,554	2,290
		willDo Kurokawa	677	0.2	505	697
		Deim Hashimoto	748	0.2	860	1,120
		Prospect Kawasaki	1,520	0.4	1,290	2,700
		Prospect UrawaTokiwa	717	0.2	687	1,070
		Gran Casa Daikancho	1,082	0.3	1,161	1,710
		Gran Casa Gokiso	932	0.3	1,037	1,600
		Crown Heim Nishi-Tanabe	405	0.1	409	565
		The Residence Honmoku Yokohama Bayside	5,550	1.6	4,929	8,140
		Lietocourt Marunouchi	3,756	1.1	3,536	5,510
		Gran Casa Kamimaezu	2,050	0.6	1,864	2,800
		Sakura Hills Fujimi	2,750	0.8	2,592	3,440
		Gran Casa Kitaurawa	2,490	0.7	2,534	2,620
		Gran Casa Fujisawa	1,000	0.3	1,084	1,090
	Other major cities	Satella Kita 34jo	1,133	0.3	991	1,330
		willDo Nakasu	2,460	0.7	2,203	3,080
		willDo Kamisugi 3home	506	0.1	423	590
		willDo Okayamaeki Nishiguchi	1,220	0.4	907	1,450
		willDo Okayamadaiku	1,040	0.3	857	1,300
		Sky Hills N15	712	0.2	754	1,070
		Sky Hills Sakaecho4	832	0.2	844	998
		Dormy Chitose	476	0.1	483	510
		Sky Hills Takadai I	448	0.1	440	514
		West Park Hasekura	1,240	0.4	1,103	2,110
		Alpha Tower Sapporo Minami4jo	1,185	0.3	1,116	1,530
		Renaissance 21 Hakata	1,500	0.4	1,430	2,100
		Cresidence Sapporo Minami4jo	1,140	0.3	1,065	1,450
		Granpark Tenjin	4,698	1.4	4,517	7,140
		Forest Hill SendaiAoba	2,750	0.8	2,596	2,930
		Gran Casa Sendai Itsutsubashi	2,100	0.6	1,999	2,290
		Gran Casa NagayamaKoen Dori	1,002	0.3	1,116	1,170
		Gran Casa Minami11jo	830	0.2	833	964
		willDo Takasago	364	0.1	330	408
		Palais d'or Maruyama	559	0.2	571	1,160
		Gran Casa Urasando	1,510	0.4	1,513	2,040

English Translation
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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	Other major cities	Gran Casa Kita3jo	1,265	0.4	1,254	1,700
		Chijikoukanmae Tower Residence	4,530	1.3	4,540	5,270
	Rental housing subtotal (total of 183 properties)		243,730	70.5	230,018	317,249

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	Charm Suite Ryokuchi Koen	3,030	0.9	2,964	3,080
		Sompo Care LAVIERE Sagamihara Chuo	1,780	0.5	1,705	1,820
		Verger Hirakata	1,560	0.5	1,498	1,580
		Sawayaka Heart Life Nishikyogoku	1,130	0.3	1,091	1,130
		Sompo Care LAVIERE Kinugasayama Koen	2,000	0.6	1,917	2,050
		Super Court JR Nara-Ekimae	1,710	0.5	1,647	1,730
		La'nassica Arakogawa	1,400	0.4	1,331	1,400
		Minna-no-ie Chuo-ku En'nami	860	0.2	815	865
		Mumin Omiya-kita	775	0.2	747	744
		Sompo no ie Nishitanabeekimae	737	0.2	715	704
		Irise Komae Bettei	1,319	0.4	1,339	1,400
		AIP Kachidoki-Ekimae	8,150	2.4	8,362	8,540
		PLAISANT GRAND MINAMI YUKIGAYA	3,380	1.0	3,465	3,580
		Aira no mori Higashi-Ofuna	2,271	0.7	2,341	2,550
		Aira no mori Shakujiko	2,070	0.6	2,125	2,260
		Aira no mori Edogawa-Shinozaki	1,499	0.4	1,542	1,650
		Senior Forest Yokohama-Tsuzuki	1,202	0.3	1,242	1,280
		Sompo no ie Toyonaka-Minamisone	825	0.2	860	837
		Good Time Living Center-Minami, Platesia Center-Minami	11,150	3.2	11,466	11,700
		Good Time Living Chibaminato-Kaigandori, Platesia Chibaminato	4,516	1.3	4,833	4,800
		Good Time Living Yokohama-Tsuzuki	4,064	1.2	4,207	4,080
		Good Time Living Senri-Hinatagaoka	2,800	0.8	2,892	3,000
		Good Time Living Nakamozu	2,180	0.6	2,250	2,320
		Good Time Living Kourigaoka	2,120	0.6	2,189	2,290
		Good Time Living Kameido	1,860	0.5	1,926	2,420
		Good Time Living Mikage	1,820	0.5	1,889	2,400
		Good Time Living Amagasaki-Shintoshin	1,585	0.5	1,628	1,760
		Good Time Living Minami Senri	1,430	0.4	1,482	1,590
		Good Time Living Kobe-Tarumi	1,370	0.4	1,432	1,460
		Good Time Living Chibaminato-Ekimaedori	1,320	0.4	1,391	1,590
		Good Time Living Senboku-Izumigaoka	980	0.3	1,030	1,050
		Good Time Living Ikeda-Midorigaoka	920	0.3	955	950
		Good Time Living Nagatsuta-Minamidai	850	0.2	879	838
		Good Time Living Saitama-Hasuda	659	0.2	704	681
		Good Time Living Nagareyama-Ichibankan	610	0.2	645	648
		Good Time Living Nagareyama-Nibankan	563	0.2	689	704
		Good Time Living Amagasaki-Ekimae	320	0.1	351	403
		Good Time Living Osaka Bay	4,700	1.4	4,900	4,840
		Sunny Life Hiyoshi	2,060	0.6	2,138	2,200
		Sunny Life Chofu	1,920	0.6	2,066	2,140
		Charm Premier Kamakurayama	2,550	0.7	2,684	2,650
		As Heim Tsunashima	1,500	0.4	1,607	1,610
		Library ShinShibamata	1,405	0.4	1,492	1,470
		Ishinkan Kamiooka	933	0.3	1,012	1,030
	Core city areas	Sompo Care LAVIERE Hiroshima Hikarigaoka	1,210	0.4	1,154	1,270
		Sawayaka Kaikyokan	899	0.3	830	936
		Sawayaka Meisuikan	813	0.2	764	846
		Nichii Care Center Fukushima Omori	337	0.1	314	350
		Sawayaka Hinodekan	896	0.3	858	913
		Sawayaka Obatake Sanbankan	349	0.1	327	348
		Sawayaka Riverside Kurinoki	306	0.1	289	311
		Silver Heights Hitsujigaoka No.3	1,330	0.4	1,301	1,330
		Alpha Living Okayama Nishigawa Ryokudokoen	789	0.2	751	742
		Alpha Living Okayama Korakuen	661	0.2	611	654
		Alpha Living Takamatsu Ekimae	642	0.2	609	631
		Alpha Living Takamatsu Hyakkenmachi	628	0.2	595	608
		Alpha Living Takamatsu Konyamachi	1,225	0.4	1,272	1,250
	Healthcare facilities subtotal (total of 57 properties)		101,969	29.5	104,147	108,013
	Total (total of 240 properties)		345,699	100.0	334,165	425,262

English Translation

The following is an English translation of the original Japanese document and is being provided for informational purposes only.

- (Note 1) The acquisition price is the amount (the sales price of real estate or trust beneficiary interest written in the trust beneficiary interest transfer contract or purchase and sale contract) that does not include expenses incurred in association with acquisition of the real estate or trust beneficiary interest (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 interest to the total acquisition price of real estate or trust beneficiary interest. (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.
- (Note 4) The property name of “Act Forme Asakusa” was changed to “Gran Casa Asakusa” on October 1, 2022.

(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 September 30, 2022, are as 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
Angel Heim Nishi-Rokugo No. 2 (Ota-ku, Tokyo)	Interior remodeling work, etc.	From October 2022 To March 2023	25	—	—
Joyce Court (Ota-ku, Tokyo)	Equipment replacement in common areas, etc.	From October 2022 To March 2023	21	—	—
Good Time Living Amagasaki-Ekimae (Amagasaki-shi, Hyogo)	Equipment replacement in exclusive areas, etc.	From October 2022 To March 2023	15	—	—
The Residence Honmoku Yokohama Bayside (Yokohama-shi, Kanagawa)	Equipment replacement in common areas, etc.	From October 2022 To March 2023	13	—	—
Gransys Tenmabashi (Osaka-shi, Osaka)	Equipment replacement in common areas, etc.	From October 2022 To March 2023	13	—	—

② Capital Expenditure during the Period under Review

Capital improvement construction expenditures made by the Investment Corporation during the 33rd period for portfolio properties are as follows. Construction expenditures during the 33rd period amounted to ¥573,697 thousand; construction-related costs amounted to ¥1,021,993 thousand combined with repair expenses of ¥448,295 thousand during the 33rd period.

Property name (Location)	Description of works (purpose)	Period	Amount of payment (thousand yen)
Gran Casa Gokiso (Nagoya-shi, Aichi)	Exterior wall renovation work	From April 2022 To September 2022	103,814
Bonheur Tokiwa (Saitama-shi, Saitama)	Exterior wall renovation work	From April 2022 To September 2022	44,462
Suzuran-kan (Saitama-shi, Saitama)	Exterior wall renovation work	From April 2022 To September 2022	36,438
The Residence Honmoku Yokohama Bayside (Yokohama-shi, Kanagawa)	Common area renovation work	From April 2022 To September 2022	18,553
Libest Higashi Nakayama (Funabashi-shi, Chiba)	Interior remodeling work, etc.	From April 2022 To September 2022	17,556
Other properties	Common area renovation work	From April 2022 To September 2022	352,872
Total			573,697