

35th Fiscal Period Financial Report (REIT)

November 22, 2023

REIT Issuer: Daiwa Securities Living Investment Corporation Stock Exchange Listing: Tokyo Stock Exchange
 Securities Code: 8986 URL: <https://www.daiwa-securities-living.co.jp/en>
 Representative: Yoshio Urata, Executive Officer
 Asset Manager: Daiwa Real Estate Asset Management Co., Ltd.
 Representative: Yoshiki Nishigaki, President and Chief Executive Officer
 Inquiries: Kentaro Azumi, General Manager, Corporate Division TEL: +81-3-6757-9680

Scheduled date of submission of semiannual securities report: December 20, 2023
 Scheduled date of commencement of distribution payment: December 15, 2023
 Preparation of supplementary financial results briefing materials: Yes
 Holding of financial results briefing session: Yes (for analysts and institutional investors)

(Amounts are rounded down to the nearest million yen)

1. Status of Operations and Assets for the 35th Fiscal Period (from April 1, 2023 to September 30, 2023)

(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	%
35th Fiscal period:	12,769	7.3	6,236	11.9	5,523	14.4	5,523	14.4
34th Fiscal Period	11,898	4.0	5,571	4.3	4,829	3.8	4,828	3.8

	Earnings per unit		Return on equity (ROE)		Ratio of ordinary income to total assets		Ratio of ordinary income to operating revenues	
	Yen		%		%		%	
35th Fiscal period:	2,442		3.2		1.5		43.3	
34th Fiscal Period	2,136		2.9		1.3		40.6	

(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	%	%
35th fiscal period:	2,231	5,044	—	—	91.3	2.9
34th Fiscal Period	2,200	4,973	—	—	103.0	2.9

(Note 1) The source of funds for payment of distributions for the 34th fiscal period is the amount of unappropriated retained earnings after including reserve for temporary difference adjustments of ¥145 million and differs from profit.

(Note 2) The source of funds for payment of distributions for the 35th fiscal period is the amount of unappropriated retained earnings after deducting reserve for dividends of ¥558 million and including reserve for temporary difference adjustments of ¥79 million, and thus it differs from profit.

(Note 3) Dividend payout ratio for the 34th fiscal period is calculated by the following formula since issuance of new investment units was implemented.

$$\text{Payout ratio} = [\text{Total distribution amount} / \text{Profit}] \times 100$$

(3) Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per unit
	Million yen	Million yen	%	Yen
35th Fiscal period:	367,532	171,996	46.8	76,074
34th Fiscal Period	366,565	171,436	46.8	75,826

(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
35th Fiscal period:	16,940	(4,052)	(4,973)	21,858
34th Fiscal Period	7,629	(19,263)	7,813	13,944

2. Earnings Forecast for the 36th Fiscal Period (from October 1, 2023 to March 31, 2024) and the 37th Fiscal Period (from April 1, 2024 to September 30, 2024)

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

	Operating revenue		Operating profit		Ordinary profit		Profit		Distribution per unit (excluding distributions in excess of earnings)	Distribution in excess of earnings per unit
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen	Yen
36th period	13,078	2.4	6,574	5.4	5,772	4.5	5,772	4.5	2,300	—
37th Period	12,454	(4.8)	5,874	(10.6)	5,019	(13.1)	5,018	(13.1)	2,300	—

(Reference) Expected earnings per unit (36th fiscal period): ¥2,398; Expected earnings per unit (37th fiscal period): ¥2,085

(Note) The source of funds for payment of distributions for the 36th fiscal period is the amount of profit after adding reversal of reserve for temporary difference adjustments of ¥79 million, and reserve for dividend of ¥315 million is expected, thus it differs from the amount of profit. The source of funds for payment of distributions for the 37th fiscal period is the amount of profit after adding reversal of reserve for temporary difference adjustments of ¥517 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

35th Fiscal Period	2,260,890 units	34th Fiscal Period	2,260,890 units
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- ② Total number of treasury investment units at the end of the fiscal period

35th Fiscal Period	0 units	34th Fiscal 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 29.

* 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 12.

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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 2023 consisted of 238 properties with a total acquisition price of ¥357,789 million and a total rentable floor area of 737,764.88 square meters.

(b) Investment Environment

During the fiscal period under review, the Japanese economy has become more stable as the economic activities are normalized progressively. Real GDP growth rate of 4.8% (annualized) in the April-June 2023 quarter represents the third consecutive quarter of growth, leading to the highest wage hike in 30 years in the spring wage negotiations in 2023. On the other hand, at the monetary policy meeting in July 2023, the Bank of Japan decided to make YCC (yield curve control) more flexible, so attention should be paid to upward swing in the inflation rate and rise in long-term interest rate.

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, with investor interest in the stable cash flows of rental residential properties staying robust and the continued low-interest-rate environment in Japan, 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 in the total population increases.

(c) Management Performance

To enhance investment unit value, the focus was placed on a. Replacement of assets; b. Continuing to strengthen overall operations; c. Strengthening of financing; and d. Sustainability initiatives.

a. Replacement of assets

In the fiscal period under review, the Investment Corporation acquired 3 rental housing (total acquisition price: ¥3,128 million) under the more intensified competition for property acquisition.

These properties contributed to the revenues of the Investment Corporation in the fiscal period under review and are expected to make a contribution toward expanding revenues in the next fiscal period onward.

Also, in order to improve the quality of its portfolio, the Investment Corporation disposed of 13 old and small-sized properties (disposition price: ¥9,542 million).

<Acquired assets>

Required assets			
Property name	Property type	Acquisition date	Acquisition price (thousand yen) (Note 1)
Gran Casa Kinshicho (Note 2)	Rental housing	April 3, 2023	850,000
Gran Casa Watanabe dori (Note 3)		July 3, 2023	668,346
Gran Casa Minami6jo (Note 4)		September 29, 2023	1,610,000
Total			3,128,346

(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 was changed from “Splendide Kinshicho I” to “Gran Casa Kinshicho” on May 1, 2023. The same applies hereinafter.

(Note 3) The property name was changed from “Partir Watanabe dori” to “Gran Casa Watanabe dori” on July 3, 2023. The same applies hereinafter.

(Note 4) The property name was changed from “Alpha Square Minami 6jo” to “Gran Casa Minami 6jo” on November 1, 2023. The same applies hereinafter.

<Disposed assets>

NO	Property name	Property type	Disposition date	Disposition price (thousand yen) (Note 1)
1	Palais d’or Maruyama	Rental housing	September 29, 2023	1,150,000
2	Sky Hills Sakaecho4		September 27, 2023	8,392,000 (Note 2)
3	Dormy Chitose			
4	Turkey’s Denenchofu No.2			
5	MGA Kanamachi			
6	Gran Casa Gokiso			
7	Verger Hirakata	Healthcare facilities		
8	Minna-no-ie Chuo-ku En’nami			
9	Mumin Omiya-kita			
10	Sompo no ie Toyonaka-Minamisone			
11	Nichii Care Center Fukushima Omori			
12	Sawayaka Obatake Sanbankan			
13	Sawayaka Riverside Kurinoki			
Total				9,542,000

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

(Note 2) The dispositions have been concluded with the same buyer on a single purchase and sale agreement. The disposition price has been agreed based on the single purchase and sale agreement, in which the buyer is required not to disclose the disposition price of each property as an essential condition of this transaction. Therefore, the disposition price of the total transaction is mentioned.

b. Continuing to strengthen overall operations

i. Strategy for managing rental housing

In spite of use of the Daily Occupancy Forecasting System and the continued focus on a range of existing initiatives and other measures by Daiwa Real Estate Asset Management Co., Ltd., the asset management company of the Investment Corporation (hereinafter the "Asset Manager"), due to the effects from the acquisition of new properties and the sales of properties that we owned, the average occupancy rate during the period stood at 97.8% (98.6% in the previous fiscal period). In addition, as a result of continuing to focus on also increasing the rent at the time of replacement (Note), an increase in rent from the previous rent was achieved for 935 out of 1,301 contracts (the total number of new contracts) in the fiscal period under review. The percentage of contracts with higher rent (based on the number of contracts) was 71.9%. The percentage of change in rent at tenant turnover (based on rent) rose by 2.5% (an increase of 1.9% 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.

(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)

- Utilizing the "Daily Occupancy Forecasting System" (an IT system independently self-developed by the Asset Manager that predicts occupancy rates at the end of every month on a daily basis; introduced in October 2011) to understand dynamic information regarding individual vacancies, and shorten the cycle for identifying individual vacancies, conducting onsite inspections, investigating causes, taking action, and verifying effects. 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.
- Fully enforcing the "Three-week Rule" (a rule to fully restore properties to their original state within three weeks of tenants vacating; introduced in October 2010) to minimize opportunity losses.
- "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; introduced in April 2012) to optimize expenses for high-priced construction work.
- Formulation of “Standard Specifications for Work to Restore Properties to their Original State” (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) to build better rooms and improve management of expenses and construction schedules.
- “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, although COVID-19 has been degraded as a Category V Infectious Disease, monitoring of the impact of the occurrence of the cluster of the infection disease is continued while 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. Infection diseases including COVID-19 have 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 99.8%.

c. Strengthening of financing

In the fiscal period under review, the Investment Corporation conducted the following borrowing of funds for the repayment of borrowings.

- * On June 30, 2023, 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.
- * On September 29, 2023, the Investment Corporation refinanced ¥800 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 51.2%, the ratio of long-term interest-bearing debt (excluding interest-bearing debt to be repaid within a year) came to 89.9%, and the ratio of fixed interest rates came to 69.2% 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 has promoted sustainability initiatives based on the sustainability policy established by the Asset Manager.

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 other equipment with high energy-saving performance, as well as effective utilization of limited resources such as water conservation. Furthermore, a total of 23 properties owned by the Investment Corporation as of the date of submission of this document have obtained environmental certification (Note 1), and the ratio of certification is 18.21% (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 the supply of excellent healthcare facilities in Japan, as of the date of submission of this document, the Investment Corporation borrowed through social loans (¥10,920 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 Investment Corporation has been continuously participating in the GRESB Real Estate Assessment since 2018 and 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 in the 2023 GRESB Real Estate Assessment for two consecutive years. It also received two stars in the five-level GRESB rating for two consecutive years based on the global ranking of overall scores. Furthermore, for two consecutive years, the Investment Corporation received the highest rank of “A” in the five-level rating in the 2023 GRESB disclosure assessment measuring the level of ESG disclosure in recognition of its excellent disclosure related to environmental consideration and sustainability initiatives.

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 2) 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.

Based on the four items whose information disclosure is recommended in the TCFD recommendations (governance, strategy, risk management, and indicators and targets), a qualitative scenario analysis of business risks and opportunities caused by the response to climate change was conducted and disclosed on the Investment Corporation’s website from March 2023.

(Note 1) The environmental certifications which the properties owned by the Investment Corporation have acquired include CASBEE for Real Estate Certification, DBJ Green Building Certification, BELS Certification.

(Note 2) 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 ¥12,769 million, operating profit of ¥6,236 million, ordinary profit of ¥5,523 million and profit of ¥5,523 million.

As for distributions, the Investment Corporation will distribute an amount derived by deducting reserve for dividends (¥558 million) for part of gain on sale of real estate properties, etc. from profit of ¥5,523 million, then adding reversal of reserve for temporary difference adjustments (¥79 million) to unappropriated retained earnings according to the existing policy.

As a result, total distributions came to ¥5,044 million in the fiscal period under review, and the distribution per unit was ¥2,231 (up ¥31 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, 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. The Asset Manager will also consider investment in development projects using a bridge fund and other means.

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). Although restrictions on activities due to COVID-19 have been eased after it was degraded to a Category V Infectious Disease, we will continue to implement a certain level of measures to prevent the spread of the infectious disease and monitor the situation by visiting facilities and conducting interviews and such in the form of meetings with facility managers using an online conferencing system.

c. Financial strategy

In terms of debt financing, the Investment Corporation will seek to further extend borrowing periods, diversify due dates and fix floating interest rates, and seek stable financing by continuing to work to maintain a solid bank formation. The Investment Corporation will continue considering the issuance of investment corporation bonds, while identifying trends in the financing environment and conditions such as the effect of reducing interest rates. Concerning the level of interest-bearing debt, the Investment Corporation will manage with the upper limit set at 60% in principle to take heed of securing financing capacity. The Investment Corporation will also consider equity financing, taking into comprehensive account the acquisition of new properties, 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 registration statement (submitted on October 2, 2023. Subsequent corrections are included).

(3) Significant Events after the Closing of Accounts

A. Issuance of new investment units

At the meetings of the Board of Directors held on October 2, 2023, and October 5, 2023, the Investment Corporation passed a resolution on the issuance of new investment units as follows, and the payment was made for the issuance of new investment units through public offering on October 12, 2023, and for the issuance of new investment units through third-party allotment on November 8, 2023, respectively.

As a result, as of the date of this document, unitholders' capital is ¥152,719,492,475, and the total number of investment units issued and outstanding is 2,406,890 units.

(a) Issuance of new investment units through public offering

Number of new investment units issued:	139,047 units
Issue price (offering price):	¥101,595 per unit
Total issue price (total offering price):	¥14,126,479,965
Issue value (paid-in amount):	¥98,312 per unit
Total issue value (total paid-in amount):	¥13,669,988,664
Payment date:	October 12, 2023

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

Number of new investment units issued:	6,953 units
Issue value (paid-in amount):	¥98,312 per unit
Total issue value (total paid-in amount):	¥683,563,336
Payment date:	November 8, 2023
Allottee:	Daiwa Securities Co. Ltd.

(c) Use of funds

The funds were used as part of the funds for the acquisition of assets described in “B. Acquisition of Assets” below.

B. Acquisition of assets

The Investment Corporation acquired the assets for which purchase and sale agreements were concluded on October 2, 2023, 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
L-Place Esaka II	Trust beneficiary interests	Rental housing	Suita-shi, Osaka	2,820,000	2,870,000	October 3, 2023	(Note 3)
Gran Casa Itabashihoncho	Real estate	Rental housing	Itabashi-ku, Tokyo	1,230,000	1,310,000	October 3, 2023	(Note 4)
Gran Casa Ueno	Real estate	Rental housing	Taito-ku, Tokyo	970,000	987,000	October 3, 2023	(Note 4)
Library Nerima Yahara	Trust beneficiary interests	Healthcare facilities	Nerima-ku, Tokyo	3,146,000	3,210,000	October 3, 2023	(Note 5)
Library Shimura-sakaue	Trust beneficiary interests	Healthcare facilities	Itabashi-ku, Tokyo	2,630,000	2,770,000	October 3, 2023	(Note 4)
Sunny Life Kamakura Tamanawa	Trust beneficiary interests	Healthcare facilities	Kamakura-shi, Kanagawa	1,750,000	1,790,000	October 3, 2023	(Note 6)
Gran Casa Ojima	Trust beneficiary interests	Rental housing	Koto-ku, Tokyo	2,819,600	2,910,000	October 13, 2023	(Note 4)
Gran Casa Edogawabashi	Trust beneficiary interests	Rental housing	Bunkyo-ku, Tokyo	2,280,000	2,380,000	October 13, 2023	(Note 4)
Gran Casa Mizonokuchi	Trust beneficiary interests	Rental housing	Kawasaki-shi, Kanagawa	2,241,000	2,260,000	October 13, 2023	(Note 4)
Total	—	—	—	19,886,600	20,487,000	—	—

(Note 1) The amount (the transaction price of the real estate or trust beneficiary interests recorded in the purchase and sale agreement) that does not include the expenses required for the acquisition of assets (intermediation fees, taxes and public dues, etc.) is stated.

(Note 2) The appraisal value for the 8 properties excluding Gran Casa Mizonokuchi is the price as of August 1, 2023. Also, the date of the appraisal value for Gran Casa Mizonokuchi is August 8, 2023.

(Note 3) The counterparty is G.K. Tokyo Residential 7.

(Note 4) The counterparty is Daiwa Securities Realty Co. Ltd.

(Note 5) The counterparty is G.K. DA Healthcare 9.

(Note 6) The counterparty is G.K. DA Healthcare 10.

The Investment Corporation concluded purchase and sale agreements on October 2, 2023, for the following properties, and is expected to acquire them as shown below.

Property name	Asset type	Property type	Location	Acquisition price (thousand yen) (Note 1)	Appraisal value (thousand yen) (Note 2)	Expected acquisition date	Counterparty
Pregio Namba	Trust beneficiary interests	Rental housing	Osaka-shi, Osaka	4,280,000	4,360,000	December 1, 2023	(Note 3)
Gran Casa Minowa II	Real estate	Rental housing	Taito-ku, Tokyo	1,340,000	1,350,000	December 1, 2023	(Note 3)
Serenite Higashi Lien	Trust beneficiary interests	Rental housing	Osaka-shi, Osaka	3,670,000	3,780,000	February 1, 2024	(Note 3)
Gran Casa Yotsuya	Trust beneficiary interests	Rental housing	Shinjuku-ku, Tokyo	3,500,000	3,710,000	February 1, 2024	(Note 3)
Gran Casa Minowa III	Real estate	Rental housing	Taito-ku, Tokyo	957,000	974,000	February 1, 2024	(Note 3)
Gran Casa Ryogoku Verde	Trust beneficiary interests	Rental housing	Sumida-ku, Tokyo	2,215,000	2,270,000	February 1, 2024	(Note 3)
Gran Casa Nippori	Real estate	Rental housing	Arakawa-ku, Tokyo	1,640,000	1,720,000	February 1, 2024	(Note 3)
Gran Casa Minowa IV	Trust beneficiary interests	Rental housing	Arakawa-ku, Tokyo	1,970,000	2,120,000	March 1, 2024	(Note 3)
Gran Casa Kyotoekimae	Trust beneficiary interests	Rental housing	Kyoto-shi, Kyoto	1,510,000	1,590,000	March 1, 2024	(Note 3)
Gran Casa Oji II	Trust beneficiary interests	Rental housing	Kita-ku, Tokyo	4,340,000	4,620,000	March 1, 2024	(Note 3)
Total	—	—	—	25,422,000	26,494,000	—	—

(Note 1) The amount (the transaction price of the real estate or trust beneficiary interest recorded in the purchase and sale agreement) that does not include the expenses required for the acquisition of assets (intermediation fees, taxes and public dues, etc.) is stated.

(Note 2) The date of the appraisal value is August 1, 2023.

(Note 3) The counterparty is Daiwa Securities Realty Co. Ltd.

C. Disposition of assets

The Investment Corporation acquired the assets for which purchase and sale agreements were concluded on September 11, 2023, as described below.

Property name	Asset type	Property type	Location	Disposition price (thousand yen) (Note 1)	Appraisal value (thousand yen) (Note 3)	Disposition date	Buyer
Sky Hills Takadai I	Real estate	Rental housing	Chitose-shi, Hokkaido	6,826,000 (Note 2)	513,000	October 2, 2023	(Note 4)
Colonnade Kasuga	Real estate	Rental housing	Bunkyo-ku, Tokyo		2,860,000	October 2, 2023	(Note 4)
Alpha Living Okayama Korakuen	Trust beneficiary interests	Healthcare facilities	Okayama-shi, Okayama		655,000	October 2, 2023	(Note 4)
Gran Casa Daikancho	Real estate	Rental housing	Nagoya-shi, Aichi		1,710,000	October 31, 2023	(Note 4)
Total	—	—	—	6,826,000	5,738,000	—	—

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

(Note 2) The disposition has been concluded with the same buyer on a single sale and purchase agreement. The disposition price has been agreed based on the single sale and purchase agreement, in which the buyer is required not to disclose the disposition price of each property as an essential condition of this transaction. Therefore, the disposition price of the total transaction is mentioned.

(Note 3) The date of the appraisal value is March 31, 2023.

(Note 4) The counterparty is a domestic company whose name is not disclosed because the counterparty's consent has not been obtained.

(4) Earnings Outlook

The earnings outlook for the 36th fiscal period (from October 1, 2023 to March 31, 2024) and the 37th fiscal period (from April 1, 2024 to September 30, 2024) is as follows. For the preconditions for this earnings outlook, please refer to “Preconditions for Earnings Forecast for the 36th Fiscal Period (from October 1, 2023 to March 31, 2024) and the 37th Fiscal Period (from April 1, 2024 to September 30, 2024)” 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)	Total distributions in excess of earnings per unit
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen	Yen
36th period	13,078	2.4	6,574	5.4	5,772	4.5	5,772	4.5	2,300	—
37th period	12,454	(4.8)	5,874	(10.6)	5,019	(13.1)	5,018	(13.1)	2,300	—

(Reference) Expected earnings per unit (36th fiscal period): ¥2,398; Expected earnings per unit (37th fiscal period): ¥2,085

(Note) The source of funds for payment of distributions for the 36th fiscal period is the amount of profit after adding reversal of reserve for temporary difference adjustments of ¥79 million, and reserve for dividend of ¥315 million is expected, thus it differs from the amount of profit. The source of funds for payment of distributions for the 37th fiscal period is the amount of profit after adding reversal of reserve for temporary difference adjustments of ¥517 million and thus it differs from the amount of profit.

<Preconditions for Earnings Forecast for the 36th Fiscal Period (from October 1, 2023 to March 31, 2024) and the 37th Fiscal Period (from April 1, 2024 to September 30, 2024)>

Item	Preconditions
Dates	<ul style="list-style-type: none"> * 36th fiscal period: from October 1, 2023 to March 31, 2024 (183 days) * 37th fiscal period: from April 1, 2024 to September 30, 2024 (183 days)
Portfolio assets	<ul style="list-style-type: none"> * The Investment Corporation assumes that from the real estate and real estate trust beneficiary interests it owns as of September 30, 2023, of 238 properties, there will be the following changes in the portfolio assets: <Acquired assets> Acquisition date: October 3, 2023 <ul style="list-style-type: none"> ① L-Place Esaka II ② Gran Casa Itabashihoncho ③ Gran Casa Ueno ④ Library Nerima Yahara ⑤ Library Shimura-sakaue ⑥ Sunny Life Kamakura Tamanawa Acquisition date: October 13, 2023 <ul style="list-style-type: none"> ⑦ Gran Casa Ojima ⑧ Gran Casa Edogawabashi ⑨ Gran Casa Mizonokuchi Planned acquisition date: December 1, 2023 <ul style="list-style-type: none"> ⑩ Pregio Namba ⑪ Gran Casa Minowa II Planned acquisition date: February 1, 2024 <ul style="list-style-type: none"> ⑫ Serenite Honmachi Higashi Lien ⑬ Gran Casa Yotsuya ⑭ Gran Casa Minowa III ⑮ Gran Casa Ryogoku Verde ⑯ Gran Casa Nippori Planned acquisition date: March 1, 2024 <ul style="list-style-type: none"> ⑰ Gran Casa Minowa IV ⑱ Gran Casa Kyotoekimae ⑲ Gran Casa Oji II <Disposed assets> Disposition date: October 2, 2023 <ul style="list-style-type: none"> ① Sky Hills Takadai I ② Colonnade Kasuga ③ Alpha Living Okayama Korakuen Disposition date: October 31, 2023 <ul style="list-style-type: none"> ④ Gran Casa Daikancho * In light of the above assumptions, the portfolio assets will be the 253 properties as of the end of the 36th fiscal period and as of the end of the 37th fiscal period. In practice, assets under management are likely to change due to acquisitions or sales of other properties.
	<ul style="list-style-type: none"> * Operating revenue is calculated under the above assumptions for portfolio assets. * Gain on sale of real estate properties of ¥1,149 million is expected for the 34th fiscal period. No posting of gain on sale of real estate properties is expected for the 37th 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 36th and 37th fiscal periods. * 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 ¥491 million for the 36th fiscal period and ¥515 million for the 37th fiscal period. * For the expenditures for repair of buildings, the amount required in the relevant fiscal period is estimated and is assumed to be ¥375 million for the 36th fiscal period and ¥403 million for the 37th 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 ¥733 million for the 36th fiscal period and ¥782 million for the 37th 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. Among the acquired assets in the above portfolio assets, ① - ⑪ will be taxed in the 37th fiscal period, and taxes are expected to be ¥41 million. Among the acquired assets in the above portfolio assets, ⑫ - ⑲ will be taxed in the 39th fiscal period, and taxes are expected to be ¥28 million. * Depreciation is calculated using the straight-line method, including incidental expenses and additional future capital expenditure, and is assumed to be ¥2,640 million for the 36th fiscal period and ¥2,696 million for the 37th fiscal period.

Item	Preconditions
Non-operating expenses	<ul style="list-style-type: none"> * Non-operating expenses are assumed to be ¥817 million for the 36th fiscal period and ¥858 million for the 37th fiscal period and consist of the following: <ol style="list-style-type: none"> (1) Interest expenses and interest expenses on investment corporation bonds of ¥593 million for the 36th fiscal period and ¥662 million for the 37th fiscal period (2) Borrowing-related expenses of ¥174 million for the 36th fiscal period and ¥179 million for the 37th fiscal period (3) Investment unit issuance expenses of ¥33 million for the 36th fiscal period and no posting of investment unit issuance expenses is expected for the 37th fiscal period (4) Amortization of investment corporation bond issuance costs of ¥12 million for the 36th fiscal period and ¥12 million for the 37th fiscal period (5) Other expenses of ¥3 million for the 36th fiscal period and ¥3 million for the 37th 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. * In the 36th fiscal period, it is assumed to borrow ¥17,100 million from banks as funds for the acquisition of assets to be acquired. * It is assumed to refinance the entire amount of the bank borrowings of ¥11,740 million, which is due during the 36th fiscal period. * It is assumed to refinance the entire amount of the bank borrowings of ¥7,250 million, which is due during the 37th fiscal period. * As a result of the above, it is assumed that outstanding borrowings is ¥183,137 million and the outstanding amount of investment corporation bonds issued is ¥22,100 million as of the end of the 36th fiscal period and the end of the 37th fiscal period. * Interest-bearing debt is expected to be 51.3% as of the end of the 36th fiscal period and the end of the 37th fiscal period. * The interest-bearing debt ratio in the forecast is calculated using the following formula. $\text{Interest-bearing debt ratio} = (\text{Total interest-bearing debt} / \text{Total assets}) \times 100$
Total number of investment units issued and outstanding	<ul style="list-style-type: none"> * The total number of investment units issued and outstanding is 2,406,890 units as of today. * Afterward, it is assumed there will be no change to this through to the end of the 37th 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. * A total of ¥5,535 million (distribution per unit of ¥2,300), which is the amount obtained by deducting planned reserve for dividends of ¥315 million (¥131 per unit) for part of gain on sale of real estate properties from profit of ¥5,772 million (¥2,398 per unit), then adding the planned reversal of reserve for temporary difference adjustment of ¥79 million (¥32 per unit), is assumed to be distributed for the 36th fiscal period. * A total of ¥5,535 million (distribution per unit of ¥2,300), which is the amount obtained by adding the planned reversal of reserve for temporary difference adjustment of ¥517 million (¥214 per unit) to profit of ¥5,018 million (¥2,085 per unit), is assumed to be distributed for the 37th 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)

	34th period (as of March 31, 2023)	35th period (September 30, 2023)
Assets		
Current assets		
Cash and deposits	10,616,180	18,701,170
Cash and deposits in trust	3,328,482	3,157,649
Operating accounts receivable	173,547	157,946
Prepaid expenses	336,048	336,816
Other	39	388
Allowance for doubtful accounts	(6,327)	(9,511)
Total current assets	14,447,969	22,344,459
Non-current assets		
Property, plant and equipment		
Buildings	97,629,890	97,157,974
Accumulated depreciation	(27,935,622)	(28,402,546)
Buildings, net	69,694,267	68,755,428
Structures	512,622	521,733
Accumulated depreciation	(312,302)	(319,281)
Structures, net	200,320	202,452
Machinery and equipment	487,038	498,060
Accumulated depreciation	(292,152)	(305,617)
Machinery and equipment, net	194,886	192,442
Tools, furniture and fixtures	1,310,341	1,356,688
Accumulated depreciation	(771,858)	(813,165)
Tools, furniture and fixtures, net	538,482	543,523
Land	83,155,633	83,082,585
Construction in progress	11,885	7,249
Buildings in trust	97,318,113	94,380,079
Accumulated depreciation	(12,763,756)	(13,689,044)
Buildings in trust, net	84,554,356	80,691,034
Structures in trust	1,173,429	1,128,003
Accumulated depreciation	(235,766)	(257,683)
Structures in trust, net	937,663	870,320
Machinery and equipment in trust	145,355	129,396
Accumulated depreciation	(63,740)	(65,514)
Machinery and equipment in trust, net	81,615	63,882
Tools, furniture and fixtures in trust	497,485	537,592
Accumulated depreciation	(212,582)	(231,263)
Tools, furniture and fixtures in trust, net	284,902	306,328
Land in trust	110,604,070	108,649,572
Construction in progress in trust	3,729	4,796
Total property, plant and equipment	350,261,811	343,369,616
Intangible assets		
Leasehold interests in land	546,283	546,283
Land leasehold interests in trust	63,248	24,167
Trademark right	428	394
Total intangible assets	609,960	570,845

(Unit: thousand yen)

	34th period (as of March 31, 2023)	35th period (September 30, 2023)
Investments and other assets		
Leasehold and guarantee deposits	13,839	13,839
Long-term prepaid expenses	920,429	912,508
Derivatives	—	10,756
Reserve for repairs	208,034	220,046
Total investments and other assets	1,142,304	1,157,151
Total non-current assets	352,014,075	345,097,612
Deferred assets		
Investment corporation bond issuance costs	103,069	90,688
Total deferred assets	103,069	90,688
Total assets	366,565,114	367,532,760
Liabilities		
Current liabilities		
Operating accounts payable	499,435	615,602
Current portion of long-term borrowings	20,540,000	18,990,000
Accounts payable - other	24,113	36,368
Accrued expenses	833,039	973,159
Income taxes payable	605	605
Accrued consumption tax	27,628	396,451
Advances received	928,838	896,461
Other	6,540	27,899
Total current liabilities	22,860,200	21,936,547
Non-current liabilities		
Investment corporation bonds	22,100,000	22,100,000
Long-term borrowings	145,497,000	147,047,000
Leasehold and guarantee deposits received	1,069,491	1,027,164
Leasehold and guarantee deposits received in trust	3,482,467	3,306,477
Asset retirement obligations	119,161	119,488
Other	655	22
Total non-current liabilities	172,268,775	173,600,153
Total liabilities	195,128,975	195,536,700
Net assets		
Unitholders' equity		
Unitholders' capital	138,365,940	138,365,940
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 6,745,476	*2 6,600,102
Total voluntary retained earnings	7,621,372	7,475,998
Unappropriated retained earnings (undisposed loss)	4,828,583	5,523,121
Total surplus	33,070,199	33,619,362
Total unitholders' equity	171,436,139	171,985,303
Valuation and translation adjustments		
Deferred gains or losses on hedges	—	10,756
Total valuation and translation adjustments	—	10,756
Total net assets	*1 171,436,139	*1 171,996,059
Total liabilities and net assets	366,565,114	367,532,760

(2) Statement of Income

(Unit: thousand yen)

	34th period (from October 1, 2022 to March 31, 2023)	35th period (from April 1, 2023 to September 30, 2023)
Operating revenue		
Leasing business revenue	*1, *2 11,898,192	*1, *2 11,966,965
Gain on sale of real estate properties	—	*3 802,599
Total operating revenue	11,898,192	12,769,564
Operating expenses		
Expenses related to leasing business	*1 5,010,571	*1 5,121,322
Asset management fees	843,900	933,000
Remuneration for directors (and other officers)	6,000	6,000
Asset custody fees	18,812	19,296
Administrative service fees	52,680	52,630
Audit fees	15,000	15,000
Provision of allowance for doubtful accounts	113	4,064
Other operating expenses	379,745	382,169
Total operating expenses	6,326,824	6,533,483
Operating profit	5,571,368	6,236,080
Non-operating income		
Interest income	12	12
Miscellaneous income	10,884	28,164
Total non-operating income	10,896	28,176
Non-operating expenses		
Interest expenses	490,633	500,142
Interest expenses on investment corporation bonds	65,761	66,598
Borrowing related expenses	157,642	157,528
Investment unit issuance expenses	23,948	—
Amortization of investment corporation bond issuance costs	12,380	12,380
Other	2,709	3,880
Total non-operating expenses	753,075	740,531
Ordinary profit	4,829,188	5,523,726
Profit before income taxes	4,829,188	5,523,726
Income taxes - current	605	605
Total income taxes	605	605
Profit	4,828,583	5,523,121
Unappropriated retained earnings (undisposed loss)	4,828,583	5,523,121

(3) Statement of Unitholders' Equity

34th period (from October 1, 2022 to March 31, 2023)

(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	132,170,548	20,620,242	875,895	6,899,318	7,775,214	4,652,818	33,048,275	165,218,823
Changes during period								
Issuance of new investment units	6,195,392							6,195,392
Reversal of reserve for temporary difference adjustments				(153,841)	(153,841)	153,841	—	—
Dividends of surplus						(4,806,660)	(4,806,660)	(4,806,660)
Profit						4,828,583	4,828,583	4,828,583
Net changes in items other than unitholders' equity								
Total changes during period	6,195,392	—	—	(153,841)	(153,841)	175,765	21,923	6,217,315
Balance at end of period	138,365,940	20,620,242	875,895	6,745,476	7,621,372	4,828,583	33,070,199	171,436,139

	Total net assets
Balance at beginning of period	165,218,823
Changes during period	
Issuance of new investment units	6,195,392
Reversal of reserve for temporary difference adjustments	—
Dividends of surplus	(4,806,660)
Profit	4,828,583
Net changes in items other than unitholders' equity	—
Total changes during period	6,217,315
Balance at end of period	171,436,139

English Translation

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

35th period (from April 1, 2023 to September 30, 2023)

(Unit: thousand yen)

(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	138,365,940	20,620,242	875,895	6,745,476	7,621,372	4,828,583	33,070,199	171,436,139
Changes during period								
Reversal of reserve for temporary difference adjustments				(145,374)	(145,374)	145,374	—	—
Dividends of surplus						(4,973,958)	(4,973,958)	(4,973,958)
Profit						5,523,121	5,523,121	5,523,121
Net changes in items other than unitholders' equity								
Total changes during period	—	—	—	(145,374)	(145,374)	694,537	549,163	549,163
Balance at end of period	138,365,940	20,620,242	875,895	6,600,102	7,475,998	5,523,121	33,619,362	171,985,303

	Valuation and translation adjustments		Total net asset
	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at beginning of period	—	—	171,436,139
Changes during period			
Reversal of reserve for temporary difference adjustments			—
Dividends of surplus			(4,973,958)
Profit			5,523,121
Net changes in items other than unitholders' equity	10,756	10,756	10,756
Total changes during period	10,756	10,756	559,920
Balance at end of period	10,756	10,756	171,996,059

(4) Statement of Cash Distributions

Item	34th period (from October 1, 2022 to March 31, 2023)	35th period (from April 1, 2023 to September 30, 2023)
I. Unappropriated retained earnings	¥4,828,583,945	¥5,523,121,492
II. Reversal of voluntary retained earnings		
Reversal of reserve for temporary difference adjustments	*1 ¥145,374,055	*1 ¥79,312,567
III. Amount of distributions	¥4,973,958,000	¥5,044,045,590
[Amount of distribution per investment unit]	[¥2,200]	[¥2,231]
IV. Voluntary retained earnings		
Provision of reserve for dividends	—	¥558,388,469
V. Retained earnings carried forward	—	—
Method for calculating the amount of distributions	The cash distribution policy set out in Article 15, Paragraph 1 of the Articles of Incorporation of the Investment Corporation stipulates that the amount of distributions shall exceed the amount equivalent to 90% of “earnings available for distribution” as provided for in Article 67-15 of the Special Taxation Measures Act. Based on this policy, the decision was made to distribute, as a distribution of earnings, ¥4,973,958,000, the maximum integral multiple of the 2,260,890 investment units issued and an amount not exceeding the amount obtained by adding ¥145,374,055 of reversal of reserve for temporary difference adjustments to ¥4,828,583,945 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, ¥5,044,045,590, the maximum integral multiple of the 2,260,890 investment units issued and an amount not exceeding the amount obtained by subtracting ¥558,388,469 for provision of reserve for dividends, and adding ¥79,312,567 for reversal of reserve for temporary difference adjustments to ¥5,523,121,492 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)

	34th period (from October 1, 2022 to March 31, 2023)	35th period (from April 1, 2023 to September 30, 2023)
Cash flows from operating activities		
Profit before income taxes	4,829,188	5,523,726
Depreciation	2,592,812	2,601,505
Amortization of long-term prepaid expenses	128,597	128,494
Amortization of investment corporation bond issuance costs	12,380	12,380
Interest income	(12)	(12)
Interest expenses	490,633	500,142
Interest expenses on investment corporation bonds	65,761	66,598
Increase (decrease) in allowance for doubtful accounts	(259)	3,183
Decrease (increase) in operating accounts receivable	(16,498)	15,600
Decrease (increase) in prepaid expenses	98,361	1,907
Increase (decrease) in operating accounts payable	115,088	(102,935)
Increase (decrease) in accrued consumption taxes	1,720	368,823
Increase (decrease) in accounts payable - other	(4,869)	9,404
Increase (decrease) in accrued expenses	15,947	139,173
Increase (decrease) in advances received	63,428	(32,377)
Decrease in property, plant and equipment due to sale	—	3,632,109
Decrease in property, plant and equipment in trust due to sale	—	4,715,792
Decrease in intangible assets in trust due to sales	—	38,764
Long-term prepaid expenses paid	(222,409)	(123,249)
Other	15,095	9,259
Subtotal	8,184,966	17,508,293
Interest received	12	12
Interest paid	(554,424)	(567,581)
Income taxes paid	(605)	(605)
Net cash provided by (used in) operating activities	7,629,949	16,940,119
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,058,387)	(3,668,064)
Purchase of property, plant and equipment in trust	(17,359,452)	(166,080)
Refund of leasehold and guarantee deposits received	(87,944)	(141,787)
Proceeds from leasehold and guarantee deposits received	76,631	99,490
Refund of leasehold and guarantee deposits received in trust	(28,581)	(212,708)
Proceeds from leasehold and guarantee deposits received in trust	194,285	36,754
Net cash provided by (used in) investing activities	(19,263,447)	(4,052,395)
Cash flows from financing activities		
Proceeds from long-term borrowings	15,850,000	8,800,000
Repayments of long-term borrowings	(9,400,000)	(8,800,000)
Proceeds from issuance of investment units	6,171,443	—
Distributions paid	(4,807,760)	(4,973,566)
Net cash provided by (used in) financing activities	7,813,682	(4,973,566)
Net increase (decrease) in cash and cash equivalents	(3,819,815)	7,914,157
Cash and cash equivalents at beginning of period	17,764,478	13,944,662
Cash and cash equivalents at end of period	*1 13,944,662	*1 21,858,819

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

2. Accounting for deferred assets

① Investment unit issuance expenses

The entire amount is expensed when incurred.

② Investment corporation bond issuance costs

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

3. Standards for recognition of allowances

Allowance for doubtful accounts

Allowance for doubtful accounts is provided 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

① 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.

② Standards for recognition of revenues

The details of main obligations relevant to revenue from contracts with customers of the Investment Corporation and normal timing when such obligations are satisfied (normal timing when revenue is recognized) are as follows.

a. Sale of real estate properties

Regarding the sale of real estate properties, revenue is recognized at the time when buyers who are customers take control of the properties by fulfilling the obligation of delivery specified in the contract on the sale of properties.

b. Utilities reimbursement

For utilities reimbursement, revenue is recognized depending on the supply of electricity, water, etc. to tenants who are customers based on the content of lease agreements for real estate and incidental agreements. For the utilities reimbursement for which the Investment Corporation is deemed to be an agent, the net amount obtained by deducting the amount to be paid to another party from the amount received from tenants as charges for electricity, gas, etc., provided by said party.

5. Hedge accounting method

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 and deposits held in trust that can be withdrawn at any time, 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

34th period (as of March 31, 2023)

(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	5,737,127	—	141,860	5,595,267	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	1,162,190	—	11,981	1,150,209	Appropriation to the distribution
Total	7,931,256	6,899,318	—	153,841	6,745,476	

(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.

35th period (as of September 30, 2023)

(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	5,595,267	—	133,392	5,461,875	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	1,150,209	—	11,981	1,138,227	Appropriation to the distribution
Total	7,931,256	6,745,476	—	145,374	6,600,102	

(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

(Unit: thousand yen)

	34th period (from October 1, 2022 to March 31, 2023)	35th period (from April 1, 2023 to September 30, 2023)
A. Leasing business revenue		
Rent income	10,531,394	10,547,443
Common area charges	546,202	550,759
Parking revenue	316,263	311,846
Incidental revenue	130,985	112,746
Other leasing business revenue	373,345	444,169
Total	11,898,192	11,966,965
B. Expenses related to leasing business		
Management fees	540,353	500,867
Taxes	738,484	772,062
Utilities expenses	248,575	195,124
Repair expenses	434,387	558,459
Insurance expenses	32,749	33,316
Advertising expenses	272,368	279,122
Trust fees	23,951	27,181
Depreciation	2,592,778	2,601,471
Other expenses related to leasing business	126,923	153,717
Total	5,010,571	5,121,322
C. Net profit on operations of rental properties (A – B)	6,887,620	6,845,642

*2. Trading volume with major unitholders

(Unit: thousand yen)

	34th period (from October 1, 2022 to March 31, 2023)	35th period (from April 1, 2023 to September 30, 2023)
Trading volume through sales transactions		
Leasing business revenue	12,315	13,303

*3. Breakdown of gain on sale of real estate properties

34th period (from October 2022 to March 31, 2023)

Not applicable.

35th period (from April 1, 2023 to September 30, 2023)

(Unit: thousand yen)

Bulk transaction items (Note 1) (Note 2)	
Revenue from sale of real estate	8,403,750
Cost of sale of real estate	7,822,944
Other selling expenses	321,474
Gain on sale of real estate properties	259,332

(Note 1) Bulk transaction items are the following 12 properties.

Sky Hills Sakaecho4
Dormy Chitose
Turkey's Denenchofu No.2
MGA Kanamachi
Gran Casa Gokiso
Verger Hirakata
Minna-no-ie Chuo-ku En'nami
Mumin Omiya-kita
Sompō no ie Toyonaka-Minamisone
Nichii Care Center Fukushima Omori
Sawayaka Obatake Sanbankan
Sawayaka Riverside Kurinoki

(Note 2) The dispositions have been concluded with the same buyer on a single purchase and sale agreement. In regard to disclosure of the price of each property, the buyer requested not to disclose it as an essential condition of the transaction. Therefore only the total amount is stated.

(Unit: thousand yen)

Palais d'or Maruyama	
Revenue from sale of real estate	1,151,889
Cost of sale of real estate	563,722
Other selling expenses	44,900
Gain on sale of real estate properties	543,267

(Notes to Statement of Unitholders' Equity)

	34th period (from October 1, 2022 to March 31, 2023)	35th period (from April 1, 2023 to September 30, 2023)
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	2,260,890 units	2,260,890 units

(Notes to Statement of Cash Distributions)

*1. Reserve for temporary difference adjustments

34th period (from October 1, 2022 to March 31, 2023)

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 ¥133,392,709 in the fiscal period ended March 2023.

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 2023.

35th period (from April 1, 2023 to September 30, 2023)

By application of the transitional measures stipulated in Paragraph 3 of Supplementary Provisions of Ordinance on Accountings of Investment Corporations (Cabinet Office Ordinance No. 27 of 2015), ¥6,733,122,069 of reserve for dividends that is the remaining balance of the amount subdivided into gain on bargain purchase recorded in prior fiscal years is reserved as reserve for temporary difference adjustments on the Statement of Cash Distributions for the fiscal period ended March 2017. Starting from the fiscal period ended September 2017 (the fiscal year following the fiscal year in which the reserve was made), the Investment Corporation is required to reverse the amount equivalent to the averaged amount for 50 years of the balance at the time of provision or more (¥67,331,221 or more) in each fiscal period, and thus reversed ¥67,331,221 in the fiscal period ended September 2023.

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 2023.

(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:

	34th period (from October 1, 2022 to March 31, 2023)	35th period (from April 1, 2023 to September 30, 2023)
Cash and deposits	¥10,616,180 thousand	¥18,701,170 thousand
Cash and deposits in trust	¥3,328,482 thousand	¥3,157,649 thousand
Cash and cash equivalents	¥13,944,662 thousand	¥21,858,819 thousand

(Notes on Related-Party Transactions)

1. Parent company, major corporate unitholder, etc.

Not applicable for the 34th period and 35th period.

2. Subsidiary, etc.

Not applicable for the 34th period and 35th period.

3. Fellow subsidiary, etc.

34th period (from October 1, 2022 to March 31, 2023)

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.	Directly owned by the company 0.48	Healthcare facility renter and operator	Leasing business revenue, etc.	1,270,062	Advances received	199,310
									Leasehold and guarantee deposits received in trust	1,252,255
Subsidiary of major unitholder	G.K. Tokyo Residential 3 (Note 4)	Chuo-ku, Tokyo	400	Investment management	—	Seller of real estate trust beneficiary interests	Purchase of real estate trust beneficiary interests (Note 8)	1,159,000	—	—
Subsidiary of major unitholder	G.K. Tokyo Residential 6 (Note 5)	Chuo-ku, Tokyo	400	Investment management	—	Seller of real estate trust beneficiary interests	Purchase of real estate trust beneficiary interests (Note 8)	2,760,000	—	—
Subsidiary of major unitholder	G.K. Tokyo Residential 5 (Note 6)	Chuo-ku, Tokyo	400	Investment management	—	Seller of real estate trust beneficiary interests	Purchase of real estate trust beneficiary interests (Note 8)	5,009,200	—	—
Subsidiary of major unitholder	G.K. Tokyo Residential 8 (Note 5)	Chuo-ku, Tokyo	400	Investment management	—	Seller of real estate trust beneficiary interests	Purchase of real estate trust beneficiary interests (Note 8)	825,000	—	—
Subsidiary of major unitholder	G.K. DA Healthcare 11 (Note 7)	Minato-ku, Tokyo	200	Investment management	—	Seller of real estate trust beneficiary interests	Purchase of real estate trust beneficiary interests (Note 8)	6,280,000	—	—

(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) 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.

(Note 4) Dissolved on February 28, 2023, with the consent of all members.

(Note 5) Dissolved on February 27, 2023, with the consent of all members.

(Note 6) Dissolved on March 31, 2023, with the consent of all members.

(Note 7) Dissolved on November 28, 2022, with the consent of all members.

(Note 8) 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.

35th period (from April 1, 2023 to September 30, 2023)

Not applicable for the 35th period.

4. Director, major individual unitholder, etc.

Not applicable for the 34th period and 35th 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)

			34th period (from October 1, 2022 to March 31, 2023)	35th period (from April 1, 2023 to September 30, 2023)
Rental residential properties	Carrying amount (Note 2)	Balance at the beginning of the period	334,165,804	350,855,729
		Net increase (decrease) during the period (Note 3) (Note 4)	16,689,924	(6,927,707)
		Balance at the end of the period	350,855,729	343,928,021
	Fair value at the end of the period (Note 5)		451,560,000	447,053,000

(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 represent the amount after deducting the accumulated depreciation from the acquisition costs (including incidental expenses upon acquisition).

(Note 3) For the 34th period, major increase during the period was acquisition of 1 real estate property and trust beneficiary interests in 7 real estate properties (¥18,833,295 thousand) and major decrease was depreciation (¥2,592,778 thousand).

(Note 4) For the 35th period, major increase during the period was acquisition of 3 real estate properties (¥3,404,756 thousand) and major decrease was sales of 6 properties and real estate trust beneficiary interests in 7 real estate properties (¥8,386,666 thousand) and depreciation (¥2,601,471 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 described in “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]

34th period (from October 1, 2022 to March 31, 2023)

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.	1,270,062	Real estate investment business

35th period (from April 1, 2023 to September 30, 2023)

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

Since all the proportion of operating revenue from each external customer is lower than 10% of operating revenue on the Statement of Income, geographic area disclosures are omitted.

(Notes on Per Unit Information)

	34th period (from October 1, 2022 to March 31, 2023)	35th period (from April 1, 2023 to September 30, 2023)
Net assets per unit	¥75,826	¥76,074
Earnings per unit	¥2,136	¥2,442

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:

	34th period (from October 1, 2022 to March 31, 2023)	35th period (from April 1, 2023 to September 30, 2023)
Profit (thousand yen)	4,828,583	5,523,121
Amount not attributable to common unitholders (thousand yen)	—	—
Profit attributable to common investment units (thousand yen)	4,828,583	5,523,121
Average number of investment units during the period (units)	2,260,040	2,260,890

(Notes on Significant Subsequent Events)

1. Issuance of new investment units

At the meetings of the Board of Directors held on October 2, 2023, and October 5, 2023, the Investment Corporation passed a resolution on the issuance of new investment units as follows, and the payment was made for the issuance of new investment units through public offering on October 12, 2022, and for the issuance of new investment units through third-party allotment on November 8, 2023, respectively.

As a result, as of the date of this document, unitholders' capital is ¥152,719,492,475, and the total number of investment units issued and outstanding is 2,406,890 units.

(1) Issuance of new investment units through public offering

Number of new investment units issued:	139,047 units
Issue price (offering price):	¥101,595 per unit
Total issue price (total offering price):	¥14,126,479,965
Issue value (paid-in amount):	¥98,312 per unit
Total issue value (total paid-in amount):	¥13,669,988,664
Payment date:	October 12, 2023

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

Number of new investment units issued:	6,953 units
Issue value (paid-in amount):	¥98,312 per unit
Total issue value (total paid-in amount):	¥683,563,336
Payment date:	November 8, 2023
Allottee:	Daiwa Securities Co. Ltd.

(3) Use of funds

The funds were used as part of the funds for the acquisition of assets described in “2. Acquisition of Assets” below.

2. Acquisition of assets

The Investment Corporation acquired the assets for which purchase and sale agreements were concluded on October 2, 2023, 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
L-Place Esaka II	Trust beneficiary interests	Rental housing	Suita-shi, Osaka	2,820,000	2,870,000	October 3, 2023	(Note 3)
Gran Casa Itabashihoncho	Real estate	Rental housing	Itabashi-ku, Tokyo	1,230,000	1,310,000	October 3, 2023	(Note 4)
Gran Casa Ueno	Real estate	Rental housing	Taito-ku, Tokyo	970,000	987,000	October 3, 2023	(Note 4)
Library Nerima Yahara	Trust beneficiary interests	Healthcare facilities	Nerima-ku, Tokyo	3,146,000	3,210,000	October 3, 2023	(Note 5)
Library Shimura-sakaue	Trust beneficiary interests	Healthcare facilities	Itabashi-ku, Tokyo	2,630,000	2,770,000	October 3, 2023	(Note 4)
Sunny Life Kamakura Tamanawa	Trust beneficiary interests	Healthcare facilities	Kamakura-shi, Kanagawa	1,750,000	1,790,000	October 3, 2023	(Note 6)
Gran Casa Ojima	Trust beneficiary interests	Rental housing	Koto-ku, Tokyo	2,819,600	2,910,000	October 13, 2023	(Note 4)
Gran Casa Edogawabashi	Trust beneficiary interests	Rental housing	Bunkyo-ku, Tokyo	2,280,000	2,380,000	October 13, 2023	(Note 4)
Gran Casa Mizonokuchi	Trust beneficiary interests	Rental housing	Kawasaki-shi, Kanagawa	2,241,000	2,260,000	October 13, 2023	(Note 4)
Total	—	—	—	19,886,600	20,487,000	—	—

(Note 1) The amount (the transaction price of the real estate or trust beneficiary interests recorded in the purchase and sale agreement) that does not include the expenses required for the acquisition of assets (intermediation fees, taxes and public dues, etc.) is stated.

(Note 2) The appraisal value for the 8 properties excluding Gran Casa Mizonokuchi is the price as of August 1, 2023. Also, the date of the appraisal value for Gran Casa Mizonokuchi is August 8, 2023.

(Note 3) The counterparty is G.K. Tokyo Residential 7.

(Note 4) The counterparty is Daiwa Securities Realty Co. Ltd.

(Note 5) The counterparty is G.K. DA Healthcare 9.

(Note 6) The counterparty is G.K. DA Healthcare 10.

The Investment Corporation concluded purchase and sale agreements for the following assets on October 2, 2023, for the following properties, and plans to acquire them as described below.

Property name	Asset type	Property type	Location	Acquisition price (thousand yen) (Note 1)	Appraisal value (thousand yen) (Note 2)	Planned acquisition date	Counterparty
Pregio Namba	Trust beneficiary interests	Rental housing	Osaka-shi, Osaka	4,280,000	4,360,000	December 1, 2023	(Note 3)
Gran Casa Minowa II	Real estate	Rental housing	Taito-ku, Tokyo	1,340,000	1,350,000	December 1, 2023	(Note 3)
Serenite Honmachi Higashi Lien	Trust beneficiary interests	Rental housing	Osaka-shi, Osaka	3,670,000	3,780,000	February 1, 2024	(Note 3)
Gran Casa Yotsuya	Trust beneficiary interests	Rental housing	Shinjuku-ku, Tokyo	3,500,000	3,710,000	February 1, 2024	(Note 3)
Gran Casa Minowa III	Real estate	Rental housing	Taito-ku, Tokyo	957,000	974,000	February 1, 2024	(Note 3)
Gran Casa Ryogoku Verde	Trust beneficiary interests	Rental housing	Sumida-ku, Tokyo	2,215,000	2,270,000	February 1, 2024	(Note 3)
Gran Casa Nippori	Real estate	Rental housing	Arakawa-ku, Tokyo	1,640,000	1,720,000	February 1, 2024	(Note 3)
Gran Casa Minowa IV	Trust beneficiary interests	Rental housing	Arakawa-ku, Tokyo	1,970,000	2,120,000	March 1, 2024	(Note 3)
Gran Casa Kyotoekimae	Trust beneficiary interests	Rental housing	Kyoto-shi, Kyoto	1,510,000	1,590,000	March 1, 2024	(Note 3)
Gran Casa Oji II	Trust beneficiary interests	Rental housing	Kita-ku, Tokyo	4,340,000	4,620,000	March 1, 2024	(Note 3)
Total	—	—	—	25,422,000	26,494,000	—	—

(Note 1) The amount (the transaction price of the real estate or trust beneficiary interests recorded in the purchase and sale agreement) that does not include the expenses required for the acquisition of assets (intermediation fees, taxes and public dues, etc.) is stated.

(Note 2) The date of the appraisal value is August 1, 2023.

(Note 3) The counterparty is Daiwa Securities Realty Co. Ltd.

3. Disposition of assets

The Investment Corporation disposed of the assets for which purchase and sale agreements were concluded on September 11, 2023, as described below.

Property name	Asset type	Property type	Location	Disposition price (thousand yen) (Note 1)	Appraisal value (thousand yen) (Note 3)	Disposition date	Buyer
Sky Hills Takadai I	Real estate	Rental housing	Chitose-shi, Hokkaido	6,826,000 (Note 2)	513,000	October 2, 2023	(Note 4)
Colonnade Kasuga	Real estate	Rental housing	Bunkyo-ku, Tokyo		2,860,000	October 2, 2023	(Note 4)
Alpha Living Okayama Korakuen	Trust beneficiary interests	Healthcare facilities	Okayama-shi, Okayama		655,000	October 2, 2023	(Note 4)
Gran Casa Daikancho	Real estate	Rental housing	Nagoya-shi, Aichi		1,710,000	October 31, 2023	(Note 4)
Total	—	—	—	6,826,000	5,738,000	—	—

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

(Note 2) The disposition has been concluded with the same buyer on a single purchase and sale agreement. The disposition price has been agreed based on the single transaction agreement, in which the buyer is required not to disclose the disposition price of each property as an essential condition of this transaction. Therefore, the disposition price of the total transaction is mentioned.

(Note 3) The date of the appraisal value is March 31, 2023.

(Note 4) The buyer is a domestic company whose name is not disclosed due to not obtaining the buyer's consent to disclose its name.

(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)
October 3, 2022	Capital increase through public offering	53,333	2,258,223	5,900,336,456	138,070,884,931	(Note 7)
October 19, 2022	Capital increase through third-party allotment	2,667	2,260,890	295,055,544	138,365,940,475	(Note 8)

(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 total 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 issue value 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 issue value 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.

(Note 7) The Investment Corporation issued new investment units through public offering at an issue price of ¥114,387 (issue value of ¥110,632) per unit for the purpose of acquiring new properties.

(Note 8) The Investment Corporation issued new investment units through third-party allotment at an issue value of ¥110,632 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	35th period (as of September 30, 2023)	
			Total amount held (million yen) (Note 3)	Ratio to total assets (%) (Note 4)
Real estate	Rental housing	23 wards of Tokyo	82,904	22.6
		Three major metropolitan areas (Note 1)	51,820	14.1
		Other major cities (Note 1)	18,597	5.1
	Healthcare facilities	Three major metropolitan areas (Note 2)	—	—
		Core city areas (Note 2)	—	—
		Other (Note 2)	—	—
	Subtotal		153,322	41.7
Trust beneficiary interest	Rental housing	23 wards of Tokyo	25,075	6.8
		Three major metropolitan areas (Note 1)	47,247	12.9
		Other major cities (Note 1)	13,419	3.7
	Healthcare facilities	Three major metropolitan areas (Note 2)	96,271	26.2
		Core city areas (Note 2)	8,591	2.3
		Other (Note 2)	—	—
	Subtotal		190,605	51.9
Deposits and other assets		23,604	6.4	
Total assets		367,532	100.0	

	35th period (as of September 30, 2023)	
	Amount (million yen)	Ratio to total assets (%) (Note 4)
Total liabilities (Note 5)	195,536	53.2
Total net assets (Note 5)	171,996	46.8
Total assets	367,532	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 end of the fiscal period (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 end of the fiscal period.

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

The following is a breakdown of real estate and trust beneficiary interests in real estate 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	1.4	4,459	7,950
		Joy Oyamadai	624	0.2	680	782
		willDo Otsuka	725	0.2	709	877
		Toshin Shoto Mansion	912	0.3	951	1,160
		Harmony Kamikitazawa	400	0.1	388	440
		College Square Kitakubukuro	727	0.2	599	795
		College Square TobuNerima	892	0.2	771	963
		College Square Akatsuka	734	0.2	604	829
		College Square Waseda II	215	0.1	179	308
		College Square Myogadani	1,060	0.3	957	1,520
		College Square Shinkoiwa	724	0.2	628	781
		College Square Kiba	639	0.2	525	856
		College Square Kinshicho	490	0.1	429	614
		College Square Waseda	316	0.1	289	427
		Lexington Square ShinjukuGyoen	1,010	0.3	1,000	1,420
		Prospect NihombashiHoncho	808	0.2	738	1,400
		Maison de Ville Takanawa Gyoranzaka	1,480	0.4	1,454	2,110
		Roppongi Rise House	912	0.3	853	1,450
		TK Flats Shibuya	4,770	1.3	4,352	7,200
		Maison de Ville NakaMeguro	1,050	0.3	1,010	1,830
		Prospect KALON Minowa	1,620	0.5	1,349	2,650
		Prospect Shinonomebashi	3,040	0.8	2,677	4,850
		Prospect Monzennakacho	1,080	0.3	973	1,580
		Prospect Ogikubo	701	0.2	610	1,000
		Exceria Ikebukuro West II	852	0.2	806	1,200
		Prospect OmoriKaigan	1,480	0.4	1,379	2,360
		Gala Place Shinjuku Gyoen	2,170	0.6	2,071	3,830
		Joyce Court	3,010	0.8	2,859	4,750
		Gran Casa Asakusa	1,216	0.3	1,124	2,300
		Gran Casa Roppongi	1,480	0.4	748	1,040
		Gran Casa MinamiAoyama	3,750	1.0	2,251	2,260
		Storia Jingumae	3,160	0.9	3,157	2,810
		Gran Casa Shinjuku Gyoen	2,525	0.7	2,449	4,430
		Lietocourt Yotsuya	1,716	0.5	1,697	2,780
		Lietocourt Motoakasaka	1,095	0.3	1,088	1,870
		Gran Casa Ginza East	2,000	0.6	1,987	2,910
		Gran Casa Minowa	850	0.2	825	1,110
		Gran Casa Honkomagome	1,500	0.4	1,573	1,870
		Gran Casa Nihonbashi Hamacho	930	0.3	987	1,020
		Gran Casa Magome I	602	0.2	642	653
		Gran Casa OmoriKaigan	1,119	0.3	1,193	1,130
		Gran Casa Uenoikenohata	1,420	0.4	1,474	1,650
		Gran Casa Sumiyoshi	1,140	0.3	1,219	1,290
		Gran Casa Uenoiriya	1,225	0.3	1,313	1,380
		Gran Casa Monzennakacho	780	0.2	819	902
		Gran Casa Magome II	700	0.2	729	776
		Gran Casa Itabashi EAST	955	0.3	992	1,020
		Gran Casa Kuramae	1,505	0.4	1,632	1,620
		Gran Casa Kiyosumishirakawa	1,775	0.5	1,882	1,990
		Gran Casa Hikifune	2,760	0.8	2,963	2,900
		Gran Casa Oji	1,150	0.3	1,220	1,210
		Gran Casa Ryogoku East	1,120	0.3	1,207	1,230
		Gran Casa Tabata	825	0.2	903	917
		Gran Casa Kinshicho	850	0.2	904	913
		Profit Link Takenotsuka	636	0.2	615	764
		Dream Heights	358	0.1	370	544
		Green Hills Asukayama	587	0.2	550	760
		Oji Heights	347	0.1	331	547
		Sakagami Royal Heights No. II	360	0.1	334	524
		willDo Todoroki	1,764	0.5	1,731	2,070

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	Greenhills Roka	662	0.2	703	797
		Lofty Hirai	324	0.1	319	398
		Colonnade Kasuga	3,115	0.9	3,191	2,860 (Note 4)
		The Palms Yoyogi Uehara Cosmo Terrace	1,250	0.3	1,248	1,680
		Sun Terrace Yoyogi Uehara	1,180	0.3	1,234	1,810
		Prospect NihombashiKoamicho	840	0.2	725	1,520
		Park Terrace Ebisu	2,060	0.6	1,958	3,650
		Prospect Shibuya Dogenzaka	1,590	0.4	1,542	2,740
		Prospect Glarsa Hiroo	3,560	1.0	3,094	5,830
		Prospect Hatsudai	518	0.1	481	773
		Prospect NishiSugamo	1,110	0.3	1,013	1,760
		Prospect Machiya	484	0.1	376	742
		Prospect KiyosumiTeien	2,630	0.7	2,368	4,510
		Prospect Morishita	1,260	0.4	1,091	1,870
		Prospect OnshiKoen	1,110	0.3	944	1,970
		BELNOS 34	1,700	0.5	1,724	2,940
		SK Residence	805	0.2	759	1,300
		Angel Heim Nishi-Rokugo No. 2	1,012	0.3	937	1,600
		Glana Ueno	1,100	0.3	1,019	1,940
		Lietocourt Asakusabashi	1,615	0.5	1,548	2,690
		Gran Casa ShinKoiwa	1,510	0.4	1,478	1,690
		Gran Casa Ryogoku Ichibankan	1,420	0.4	1,422	1,550
		Gran Casa Ryogoku Nibankan	770	0.2	778	854
		Gran Casa Bunkyo Sengoku	1,480	0.4	1,517	1,750
		Gran Casa Minamisenju	1,159	0.3	1,256	1,310
	Three major metropolitan areas	willDo Yokohama Minami	233	0.1	183	301
		willDo Kanayama masaki	490	0.1	371	621
		willDo Ichioka	722	0.2	585	740
		willDo Ebie	350	0.1	297	381
		willDo ImafukuNishi	413	0.1	326	448
		VISTA Supreme	563	0.2	470	554
		willDo Chiyoda	633	0.2	516	612
		willDo Taiko dori	1,120	0.3	962	1,390
		willDo Kanayama	370	0.1	285	400
		willDo Kanayama sawashita	375	0.1	287	424
		willDo Tsukamoto	730	0.2	607	916
		willDo Tanimachi	1,040	0.3	912	1,110
		willDo Namba w II	486	0.1	395	518
		willDo Namba w I	690	0.2	542	716
		willDo Kachigawa	503	0.1	376	710
		Stagea Kogane	600	0.2	462	606
		willDo Hamasaki dori	2,280	0.6	1,839	2,350
		willDo Minamimorimachi	493	0.1	441	557
		willDo Minami Urawa	396	0.1	342	504
		willDo Matsuyamachi	810	0.2	683	1,080
		willDo Higashibetsuin	703	0.2	536	757
		willDo ShinOsaka	861	0.2	713	1,170
		College Square Higashikurume	523	0.1	393	638
		willDo Matsubara	549	0.2	430	657
		willDo Sannomiya East	731	0.2	548	900
		willDo Kujo	537	0.2	496	686
		willDo Daikancho	655	0.2	515	679
		willDo Takabata	494	0.1	374	590
		Prospect MusashiShinjo	1,050	0.3	884	1,400
		Fragrance Kawasaki	548	0.2	451	825
		Prospect ChuoRinkan	524	0.1	410	729
		Prospect Nakanoshima	734	0.2	644	1,080
		Prospect Toyonaka Hattori	366	0.1	284	480
		Prospect Shimogamo	281	0.1	244	313
		Prospect Kawaramachi Gojo	583	0.2	491	730
		Gransys Esaka	1,260	0.4	1,149	1,880
		Serenite Koshien	2,550	0.7	2,265	3,390
		Pregio Miyakojima	1,610	0.4	1,478	2,140
		Serenite ShinOsaka Nibankan	3,510	1.0	3,277	4,450

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	1,934	2,720
		Serenite Honmachi Grande	4,286	1.2	3,905	6,500
		Gransys Tenmabashi	4,050	1.1	3,908	5,610
		DayGran Tsurumi	1,030	0.3	1,015	1,360
		Sakura Hills Riverside WEST	1,920	0.5	1,799	2,570
		Sakura Hills Riverside EAST	1,030	0.3	970	1,320
		Sakura Hills Meieki NORTH	750	0.2	721	1,030
		Runai Nippombashi anhelio	1,400	0.4	1,359	1,950
		HS Umeda EAST	2,151	0.6	2,074	2,920
		Serenite Umeda EST	1,057	0.3	1,018	1,430
		Serenite Yuhigaoka EST	811	0.2	784	1,080
		Serenite Umeda Reflet	1,148	0.3	1,170	1,470
		Gran Casa Urayasu	886	0.2	926	955
		Gran Casa Chiyoda	959	0.3	981	1,020
		Gran Casa Nambamotomachi	5,820	1.6	6,154	6,650
		Gran Casa Ryokuchi-koen	2,600	0.7	2,671	2,960
		Gran Casa Shin-Osaka SOUTH	4,310	1.2	4,591	4,830
		Serenite Nippombashi Prier	2,606	0.7	2,717	2,920
		Gran Casa Tennoji EAST	846	0.2	904	879
		Serenite Namba Plie	2,739	0.8	2,880	2,860
		Sereno Omiya	1,554	0.4	1,611	2,140
		Suzuran-kan	441	0.1	414	690
		Bonheur Tokiwa	752	0.2	769	942
		Libest NishiChiba	2,152	0.6	1,810	2,890
		willDo Temmacho	627	0.2	518	844
		willDo NishiAkashi	635	0.2	543	919
		Libest Higashi Nakayama	1,371	0.4	1,150	1,900
		Stellato City Sakurayama	735	0.2	594	866
		La Vita Nippombashi	1,860	0.5	1,526	2,400
		willDo Kurokawa	677	0.2	496	678
		Deim Hashimoto	748	0.2	850	1,150
		Prospect Kawasaki	1,520	0.4	1,271	2,760
		Prospect UrawaTokiwa	717	0.2	675	1,100
		Gran Casa Daikancho	1,082	0.3	1,153	1,710 (Note 5)
		Crown Heim NishiTanabe	405	0.1	411	593
		The Residence Honmoku Yokohama Bayside	5,550	1.6	4,841	8,210
		Lietocourt Marunouchi	3,756	1.1	3,505	5,370
		Gran Casa Kamimaezu	2,050	0.6	1,827	2,890
		Sakura Hills Fujimi	2,750	0.8	2,538	3,510
		Gran Casa Kitaurawa	2,490	0.7	2,511	2,690
		Gran Casa Fujisawa	1,000	0.3	1,072	1,160
	Other major cities	Satella Kita 34jo	1,133	0.3	970	1,330
		willDo Nakasu	2,460	0.7	2,169	2,990
		willDo Kamisugi 3home	506	0.1	413	547
		willDo Okayamaeki Nishiguchi	1,220	0.3	883	1,450
		willDo Okayamadaiku	1,040	0.3	835	1,280
		Sky Hills N15	712	0.2	747	1,060
		Sky Hills Takadai I	448	0.1	441	513 (Note 4)
		West Park Hasekura	1,240	0.3	1,082	2,030
		Alpha Tower Sapporo Minami4jo	1,185	0.3	1,086	1,580
		Renaissance 21 Hakata	1,500	0.4	1,403	2,130
		Cresidence Sapporo Minami4jo	1,140	0.3	1,036	1,420
		Granpark Tenjin	4,698	1.3	4,446	7,390
		Forest Hill SendaiAoba	2,750	0.8	2,559	2,920
		Gran Casa Sendai Itsutsubashi	2,100	0.6	1,959	2,270
		Gran Casa NagayamaKoen Dori	1,002	0.3	1,086	1,190
		Gran Casa Minami11jo	830	0.2	821	1,000
		Gran Casa Watanabe dori	668	0.2	733	731
		Gran Casa Minami6jo	1,610	0.4	1,765	1,660
		willDo Takasago	364	0.1	321	430
		Gran Casa Urasando	1,510	0.4	1,477	2,060
		Gran Casa Kita3jo	1,265	0.4	1,319	1,780
		Chijikoukanmae Tower Residence	4,530	1.3	4,454	5,330
	Rental housing subtotal (total of 187 properties)		254,552	71.1	239,065	335,625

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	0.8	2,921	3,150
		Sompo Care LAVIERE Sagamihara Chuo	1,780	0.5	1,675	1,820
		Sawayaka Heart Life Nishikyogoku	1,130	0.3	1,071	1,190
		Sompo Care LAVIERE Kinugasayama Koen	2,000	0.6	1,889	2,080
		Super Court JR Nara-Ekimae	1,710	0.5	1,609	1,760
		La'nassica Arakogawa	1,400	0.4	1,304	1,450
		Sompo no ie Nishitanabeekimae	737	0.2	706	719
		Irise Komae Bettei	1,319	0.4	1,329	1,430
		AIP Kachidoki-Ekimae	8,150	2.3	8,307	8,770
		PLAISANT GRAND MINAMI YUKIGAYA	3,380	0.9	3,447	3,580
		Aira no mori Higashi-Ofuna	2,271	0.6	2,319	2,610
		Aira no mori Shakujiko	2,070	0.6	2,109	2,310
		Aira no mori Edogawa-Shinozaki	1,499	0.4	1,529	1,650
		Senior Forest Yokohama-Tsuzuki	1,202	0.3	1,229	1,320
		Good Time Living Center-Minami, Platesia Center-Minami	11,150	3.1	11,370	11,700
		Good Time Living Chibaminato-Kaigandori・Platesia Chibaminato	4,516	1.3	4,777	4,900
		Good Time Living Yokohama-Tsuzuki	4,064	1.1	4,180	4,080
		Good Time Living Senri-Hinatagaoka	2,800	0.8	2,863	3,150
		Good Time Living Nakamozu	2,180	0.6	2,226	2,430
		Good Time Living Kourigaoka	2,120	0.6	2,170	2,400
		Good Time Living Kameido	1,860	0.5	1,906	2,480
		Good Time Living Mikage	1,820	0.5	1,880	2,520
		Good Time Living Amagasaki-Shintoshin	1,585	0.4	1,620	1,850
		Good Time Living Minami Senri	1,430	0.4	1,477	1,660
		Good Time Living Kobe-Tarumi	1,370	0.4	1,423	1,520
		Good Time Living Chibaminato-Ekimaedori	1,320	0.4	1,375	1,580
		Good Time Living Senboku-Izumigaoka	980	0.3	1,015	1,070
		Good Time Living Ikeda-Midorigaoka	920	0.3	944	972
		Good Time Living Nagatsuta-Minamidai	850	0.2	871	821
		Good Time Living Saitama-Hasuda	659	0.2	693	679
		Good Time Living Nagareyama-Ichibankan	610	0.2	640	676
		Good Time Living Nagareyama-Nibankan	563	0.2	667	718
		Good Time Living Amagasaki-Ekimae	320	0.1	362	403
		Good Time Living Osaka-Bay	4,700	1.3	4,853	4,870
		Sunny Life Hiyoshi	2,060	0.6	2,119	2,250
		Sunny Life Chofu	1,920	0.5	2,043	2,200
		Charm Premier Kamakurayama	2,550	0.7	2,659	2,710
		As Heim Tsunashima	1,500	0.4	1,589	1,610
		Library ShinShibamata	1,405	0.4	1,476	1,510
		Ishinkan Kamiooka	933	0.3	1,001	1,060
		Sunny Life Shibaura	6,280	1.8	6,609	6,440
	Core city areas	Sompo Care LAVIERE Hiroshima Hikarigaoka	1,210	0.3	1,137	1,320
		Sawayaka Kaikyokan	899	0.3	803	973
		Sawayaka Meisuikan	813	0.2	744	878
		Sawayaka Hinodekan	896	0.3	843	912
		Silver Heights Hitsujigaoka No.3	1,330	0.4	1,288	1,360
		Alpha Living Okayama Nishigawa Ryokudokoen	789	0.2	736	742
		Alpha Living Okayama Korakuen	661	0.2	600	655 (Note 4)
		Alpha Living Takamatsu Ekimae	642	0.2	598	632
		Alpha Living Takamatsu Hyakkenmachi	628	0.2	585	608
		Alpha Living Takamatsu Konyamachi	1,225	0.3	1,251	1,250
Healthcare facilities subtotal (total of 51 properties)			103,237	28.9	104,862	111,428
Total (total of 238 properties)			357,789	100.0	343,928	447,053

(Note 1) The amount (the transaction price of real estate or trust beneficiary interest recorded in the purchase and sale agreement) that does not include expenses required for the acquisition of assets (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 end of the fiscal period as the date of value.

(Note 4) The disposition took place on October 2, 2023, and the date of the appraisal value is March 31, 2023.

(Note 5) The disposition took place on October 31, 2023, and the date of the appraisal value is March 31, 2023.

(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, 2023, 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
Good Time Living Chibaminato- Ekimaedori (Chiba-shi, Chiba)	Equipment replacement in common areas, etc.	From October 2023 To March 2024	73	—	—
BELNOS 34 (Katsushika-ku, Tokyo)	Exterior wall renovation work, etc.	From October 2023 To March 2024	48	—	1
Angel Heim Nishi-Rokugo No. 2 (Ota-ku, Tokyo)	Exterior wall renovation work, etc.	From October 2023 To March 2024	43	—	1
Good Time Living Yokohama-Tsuzuki (Yokohama-shi, Kanagawa)	Exterior wall renovation work, etc.	From October 2023 To March 2024	37	—	1
Granpark Tenjin (Fukuoka-shi, Fukuoka)	Equipment replacement in common areas, etc.	From October 2023 To March 2024	27	—	—

② Capital Expenditure during the Period under Review

Capital improvement construction expenditures made by the Investment Corporation during the 35th period for portfolio properties are as follows. Construction expenditures during the 35th period amounted to ¥651 million; construction-related costs amounted to ¥1,209 million combined with repair expenses of ¥558 million during the 35th period.

Property name (Location)	Description of works (purpose)	Period	Amount of payment (million yen)
Gran Casa Kita3jo (Sapporo-shi, Hokkaido)	Exterior wall renovation work, etc.	From April 2023 To September 2023	93
Sun Terrace Yoyogi Uehara (Shibuya-ku, Tokyo)	Exterior wall renovation work, etc.	From April 2023 To September 2023	46
willDo Chiyoda (Nagoya-shi, Aichi)	Exterior wall renovation work, etc.	From April 2023 To September 2023	40
Forest Hill SendaiAoba (Sendai-shi, Miyagi)	Common area renovation work, etc.	From April 2023 To September 2023	26
Greenhills Roka (Setagaya-ku, Tokyo)	Common area renovation work, etc.	From April 2023 To September 2023	21
Other properties	Common area renovation work, etc.	From April 2023 To September 2023	423
Total			651