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31st Fiscal Period Financial Report (REIT)

November 17, 2021

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: Ikuo Shoda, Executive Officer
Asset Manager: Daiwa Real Estate Asset Management Co., Ltd.
Representative: Toshio Fukushima, President and Chief Executive Officer
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Scheduled date of submission of semiannual securities report: December 22, 2021
Scheduled date of commencement of distribution payment: December 15, 2021
Preparation of supplementary financial results briefing materials: Yes
Holding of financial results briefing session: Yes (for analysts and institutional investors)

(Amounts are rounded down to the nearest million yen)

1. Status of Operations and Assets for the 31st Fiscal Period (from April 1, 2021 to September 30, 2021)

(1) Status of Management

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

	Operating revenue		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
31st period	10,811	3.1	5,090	(0.2)	4,433	(0.6)	4,432	(0.6)
30th period	10,487	(9.9)	5,101	5.0	4,457	(11.4)	4,457	(27.3)

	Earnings per unit	Return on equity (ROE)	Ratio of ordinary income to total assets	Ratio of ordinary income to operating revenues
	Yen	%	%	%
31st period	2,079	2.8	1.3	41.0
30th period	2,117	2.9	1.4	42.5

(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	%	%
31st period	2,160	4,604	—	—	103.9	2.9
30th period	2,160	4,604	—	—	103.3	2.9

(Note 1) The source of funds for payment of distributions for the 31st fiscal period is the amount of unappropriated retained earnings after including reserve for temporary difference adjustments of ¥171 million, and differs from profit.

(Note 2) The source of funds for payment of distributions for the 30th fiscal period is the amount of unappropriated retained earnings after including reserve for temporary difference adjustments of ¥146 million, and differs from profit.

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

(3) Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per unit
	Million yen	Million yen	%	Yen
31st period	336,301	157,295	46.8	73,793
30th period	335,601	157,466	46.9	73,874

(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
31st period	6,672	(7,045)	(3,678)	13,849
30th period	6,450	(21,632)	20,872	17,900

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2. Earnings Forecast for the 32nd Fiscal Period (from October 1, 2021, to March 31, 2022) and the 33rd Fiscal Period (from April 1, 2022, to September 30, 2022)

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

	Operating revenue		Operating profit		Ordinary profit		Profit		Distribution per unit (excluding distribution in excess of earnings)	Distribution in excess of earnings per unit
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen	Yen
32nd period	11,228	3.9	5,330	4.7	4,602	3.8	4,601	3.8	2,180	—
33rd period	11,286	0.5	5,327	(0.1)	4,635	0.7	4,635	0.7	2,180	—

(Reference) Expected earnings per unit (32nd fiscal period): ¥2,087; Expected earnings per unit (33rd fiscal period): ¥2,102

(Note) The source of funds for payment of distributions for the 32nd fiscal period is the amount of profit after adding reversal of reserve for temporary difference adjustments of ¥204 million and thus it differs from the amount of profit. The source of funds for payment of distributions for the 33rd fiscal period is the amount of profit after adding reversal of reserve for temporary difference adjustments of ¥171 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: Yes

② Changes in accounting policies other than ①: No

③ Changes in accounting estimates: No

④ Retrospective restatement: No

(Note) For details, please refer to "Notes on Changes in Accounting Policies" on page 25.

(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

31st fiscal period	2,131,546 units	30th fiscal period	2,131,546 units

② Total number of treasury investment units at the end of the fiscal period

31st fiscal period	0 units	30th fiscal period	0 units

(Note) For the number of investment units used as the base for calculating earnings per unit, please refer to "Notes on Per Unit Information" on page 33.

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

* Special note

The earnings outlook and other forward-looking statements contained in this document are based on information currently available to and certain assumptions deemed reasonable by Daiwa Securities Living Investment Corporation (hereinafter the "Investment Corporation"). Consequently, actual results may differ materially depending on a number of factors.
In addition, the forecast is not intended as a guarantee of the amount of distributions. Regarding assumptions for earnings forecast and matters to consider when using the earnings forecast, please refer to "1. Management Status, (4) Earnings Outlook" on page 13.

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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 2021 consisted of 232 properties with a total acquisition price of ¥329,772 million and a total rentable floor area of 724,715.07 square meters.

(b) Investment Environment

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

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

(c) Management Performance

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

a. External growth through acquisition of new properties

In the fiscal period under review, the Investment Corporation acquired 6 rental housing (total acquisition price: ¥6,220 million) under the more intensified competition for property acquisition. These properties contributed partially to the revenues of the Investment Corporation in the fiscal period under review and are expected to make full-period contribution toward expanding revenues in the next fiscal period and onward.

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Property name	Property type	Acquisition date	Acquisition price (thousand yen) (Note 1)
Gran Casa Sumiyoshi (Note 2)	Rental housing	April 14, 2021	1,140,000
Gran Casa Ueno Ikenohata (Note 3)		April 15, 2021	1,420,000
Gran Casa Ueno Iriya (Note 4)		June 1, 2021	1,225,893
Gran Casa Itabashi EAST (Note 5)		June 23, 2021	955,000
Gran Casa Monzennakacho (Note 6)		August 3, 2021	780,000
Gran Casa Magome II (Note 7)		September 1, 2021	700,000
Total			6,220,893

(Note 1) Acquisition price does not include acquisition expenses, adjustments to property tax and city planning tax, and consumption tax and local consumption tax.
(Note 2) The property name of "(Temporary name) Mouri 1-chome PJ" was changed to "Gran Casa Sumiyoshi" on April 14, 2021. The same applies hereinafter.
(Note 3) The property name of "(Temporary name) L'GENTE Ueno Ikenohata" was changed to "Gran Casa Ueno Ikenohata" on April 15, 2021. The same applies hereinafter.
(Note 4) The property name of "(Temporary name) Iriya PJ" was changed to "Gran Casa Ueno Iriya" on June 1, 2021. The same applies hereinafter.
(Note 5) The property name was changed to "Gran Casa Itabashi EAST" on June 23, 2021. The same applies hereinafter.
(Note 6) The property name of "(Temporary name) Eitai PJ" was changed to "Gran Casa Monzennakacho" on August 3, 2021. The same applies hereinafter.
(Note 7) The property name of "(Temporary name) Nakamagome PJ" was changed to "Gran Casa Magome II" on September 1, 2021. The same applies hereinafter.

b. Continuing to strengthen overall operations

i. Strategy for managing rental housing

As a result of use of the Daily Occupancy Forecasting System and the continued focus on a range of existing initiatives and other measures by the Asset Manager, the average occupancy rate during the period stood at 98.1% (98.5% 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 812 contracts out of 1,249 (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 65.0%. The percentage of change in rent at tenant turnover (based on rent) rose 1.5 percentage points (an increase of 1.6 percentage points 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, and the reduction of utilities expenses due to the effect of introducing LED lights and other measures.

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

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

(Existing initiatives)

- "Daily Occupancy Forecasting System" (an IT system independently self-developed by the Asset Manager, the system predicts occupancy rates at the end of every month on a daily basis, helps understand dynamic information regarding individual vacancies, and shortens the cycle for identifying individual vacancies, conducting onsite inspections, investigating causes, taking action, and verifying effects; introduced in October 2011). With the commencement of the operation of the IT system that was upgraded to a new version in May 2015, a mechanism that is able to ascertain various types of information including occupancy rates on the Internet in real time has been set in place.
- "Three-week Rule" (minimizing opportunity losses by fully enforcing a rule to fully restore properties to their original state within three weeks of tenants vacating; introduced in October 2010)
- "Downtime 60 days" (a policy to conclude a new contract within 60 days of tenants vacating; introduced in October 2012)
- "Action 30 days" (focused response to achieve the best rent at the earliest in the first 30 days after beginning to seek tenants; focused response to vacancies of 30 days after beginning to seek tenants, which was introduced in October 2013, has been changed to a more aggressive initiative based on the "Management Policy by Property" newly introduced in April 2016) to further improve occupancy rates and profitability by shortening vacancy periods
- Taking stronger action on "Key Focus Properties (introduced in April 2011)" and "Long-term Vacancies" (vacancies over 60 days; introduced in October 2010)
- "High-Cost Construction Approval Committee" (a committee conducting a detailed, systematic examination of the content

and amount of construction work for ¥1 million or more when orders are placed, to optimize expenses for high-priced construction work; introduced in April 2012)

- "Formulation of Standard Specifications for Work to Restore Properties to their Original State" (managing expenses and construction schedules and building better rooms by setting unique construction specifications for work to restore properties to their original state after tenants vacate, regarding it as a recommercialization measure; introduced in April 2012)
- "Management to Increase the Number of Properties with Full Occupancy" (further improving occupancy rates through the management of the number of properties with full occupancy; introduced in April 2014)
- "Management Policy by Property" (a policy of managing properties by drafting a basic policy for each property based on an analysis of past contract data (rent, downtime, comparison with the previous rent, key money, etc.) of each property and focusing on increasing revenue by simultaneously raising rents and shortening the downtime for each room newly contracted after cancellation through implementation in conjunction with "Action 30 days," one of the existing initiatives above; introduced in April 2016)

ii. Strategy for managing healthcare facilities

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

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

c. Strengthening of financing (the extension of borrowing periods and diversification of due dates, etc.)

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

- The Investment Corporation issued Daiwa Securities Living Investment Corporation's third investment corporation bonds totaling ¥3,000 million on April 28, 2021, and used such to fund the redemption of Japan Rental Housing Investment Corporation's third investment corporation bonds totaling ¥3,000 million due for repayment on June 15, 2021.
- On June 22, 2021, the Investment Corporation refinanced ¥10,200 million of the bank borrowings from existing transaction banks as the funds for repayment of the same amount for a total of long-term borrowings due on the same day.
- As part of the funds for acquisition of the properties acquired on June 23, 2021, the Investment Corporation borrowed a total of ¥980 million from existing transaction banks on July 30, 2021.
- As part of the funds for early repayment of short-term borrowings totaling ¥980 million executed on July 30, 2021, the Investment Corporation borrowed a total of ¥950 million from existing transaction banks on September 30, 2021.

Of the financing above, the Investment Corporation concluded interest rate swap agreements and thereby fixed the interest rate payable for the ¥10,200 million in borrowings with floating interest rates as of June 22, 2021. In addition, the Investment Corporation concluded interest rate swap agreements starting on October 1, 2021 on September 29, 2021 for the ¥950 million in borrowings with floating interest rates as of September 30, 2021.

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 51.3%, the ratio of long-term interest-bearing debt (excluding interest-bearing debt to be repaid within a year) came to 92.2%, and the ratio of fixed interest rates came to 78.3% on a contract basis.

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d. Sustainability initiatives

Based on the recognition that the emphasis on environmental, social and corporate governance practices (collectively called "ESG") in asset management contributes to the improvement of corporate value over the medium to long term, the Investment Corporation established its Policy Regarding ESG in 2016, and the former Asset Manager of the Investment Corporation established the Sustainability Promotion Committee in 2017.

In addition, the Investment Corporation has systematically promoted sustainability initiatives, such as establishing the Sustainability Promotion Office at the Asset Manager in June 2021 with the aim of further strengthening its sustainability initiatives.

As for its environmental initiatives, the Investment Corporation is working to reduce the environmental impact of its portfolio through energy conservation and greenhouse gas emissions reduction by installing LEDs and others with high energy-saving performance, as well as effective utilization of limited resources such as water conservation.

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 the fiscal period under review, the Investment Corporation formulated the Social Finance Framework in May 2021 to further promote the supply of excellent healthcare facilities in Japan.

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.

Since 2018, the Investment Corporation has been continuously participating in GRESB Real Estate Assessment.

(d) Summary of Results and Distributions

As a result of the management initiatives described above, the Investment Corporation recorded operating revenue of ¥10,811 million, operating profit of ¥5,090 million, ordinary profit of ¥4,433 million and profit of ¥4,432 million.

As for distributions, the Investment Corporation will distribute the amount of unappropriated retained earnings after adding reversal of reserve for temporary difference adjustments of ¥171 million according to the existing policy.

As a result, total distributions came to ¥4,604 million in the fiscal period under review, and the distribution per unit was ¥2,160 (no increase or decrease 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.

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② Outlook for the Next Fiscal Period

(a) Future Management Policy

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

a. External growth through acquisition of new properties

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

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

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

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

When investing in rental housing, regionally diversified investment will be made in order to secure stable cash flows by mitigating risks associated with changes in local economies and rental markets, and with earthquakes, etc. The investment territory for rental housing will include the national capital region, ordinance-designated cities, which are later referred to as "other major 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 trend in financial and real estate market), social factors (such as trend in the elderly population and the number of those who are certified for being eligible for long-term care) and administrative factors (such as nursing and medical insurance system and regulations on healthcare facilities supply), (ii) 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; the same applies hereinafter), and (iii) factors for the individual property such as specifications of the building, the operator that is the lessee, facility occupancy status and rent-paying capacity.

(Note 1) "Studio type" refers to residences in the 1R, 1K, 1DK, and 1LDK layouts.
(Note 2) "Family type" refers to residences in the 2K, 2DK, 2LDK, and above layouts.
(Note 3) "Greater Tokyo area" refers to Tokyo, Kanagawa, Chiba and Saitama prefectures.
(Note 4) "Chukyo area" refers to Aichi, Mie and Gifu prefectures.
(Note 5) "Kinki area" refers to Osaka, Kyoto, Hyogo, Nara and Shiga prefectures.

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b. Continuing to strengthen overall operations

i. Strategy for managing rental housing

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

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

ii. Strategy for managing healthcare facilities

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

c. Financial strategy

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

d. Distributions strategy

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

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

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

(2) Investment Risk

Disclosure is omitted because there are no material changes from the statement in the most recent semiannual securities report (submitted on June 22, 2021).

(3) Significant Events after the Closing of Accounts

A. Acquisition of Assets

The Investment Corporation acquired the assets for which purchase and sale agreements were concluded on September 10,

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2021, as described below.

Property name	Asset type	Property type	Location	Acquisition price (thousand yen) (Note 1)	Appraisal value (thousand yen) (Note 2)	Acquisition date	Counterparty
Gran Casa Shin-Osaka SOUTH (Note 3)	Trust beneficiary interests	Rental housing	Osaka city, Osaka	4,310,000	4,500,000	October 1, 2021	(Note 4)
Serenite Nippombashi Prier	Trust beneficiary interests	Rental housing	Osaka city, Osaka	2,606,771	2,750,000	October 1, 2021	(Note 5)
Charm Premier Kamakurayama	Trust beneficiary interests	Healthcare facilities	Kamakura city, Kanagawa	2,550,000	2,630,000	October 1, 2021	(Note 6)
As Heim Tsunashima	Trust beneficiary interests	Healthcare facilities	Yokohama city, Kanagawa	1,500,000	1,610,000	October 1, 2021	(Note 7)
Library ShinShibamata	Trust beneficiary interests	Healthcare facilities	Edogawa-ku, Tokyo	1,405,000	1,470,000	October 1, 2021	(Note 8)
Ishinkan Kamiooka	Trust beneficiary interests	Healthcare facilities	Yokohama city, Kanagawa	933,000	1,000,000	October 1, 2021	(Note 8)
Total	—	—	—	13,304,771	13,960,000	—	—

(Note 1) The amount (the trade price of the trust beneficiary right recorded in the trust beneficiary right assignment contract) that does not include the expenses required for the acquisition of the trust beneficiary right (intermediation fees, taxes and public dues, etc.) is stated.
(Note 2) The date of the appraisal value is August 1, 2021.
(Note 3) The property name of "Splendide Shin-Osaka SOUTH" was changed to "Gran Casa Shin-Osaka SOUTH" on November 1, 2021. The same applies hereinafter.
(Note 4) The counterparty is G.K. Tokyo Residential 4.
(Note 5) The counterparty is G.K. Tokyo Residential 2.
(Note 6) The counterparty is G.K. DA Healthcare 4.
(Note 7) The counterparty is G.K. DA Healthcare 8.
(Note 8) The counterparty is Daiwa Facilities Co., Ltd.

B. Issuance of New Investment Units

At the meetings of the Board of Directors held on September 10, 2021 and September 15, 2021, the Investment Corporation passed a resolution on issuance of new investment units as follows, and the payment was made for the issuance of new investment units through public offering on October 1, 2021 and for the issuance of new investment units through third-party allotment on October 20, 2021, respectively. As a result, as of the date of this report, unitholders' capital is ¥132,170,548,475, and the total number of investment units issued and outstanding is 2,204,890 units.

(a) Issuance of new investment units through public offering

Number of new investment units issued	:	70,476 units
Issue price (offering price)	:	¥113,626 per unit
Total issue price (offering price)	:	¥8,007,905,976
Issue value (paid amount)	:	¥109,896 per unit
Total issue value (paid amount)	:	¥7,745,030,496
Payment date	:	October 1, 2021

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

Number of new investment units issued	:	2,868 units
Offer price (paid amount)	:	¥109,896 per unit
Total offer price (paid amount)	:	¥315,181,728
Payment date	:	October 20, 2021
Allottee	:	Daiwa Securities Co. Ltd.

English Translation
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(c) Use of funds

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

C. Borrowing of Funds

The Investment Corporation borrowed funds on October 1, 2021. The use of funds is the acquisition of the assets described in "A. Acquisition of Assets" above.

Summary of borrowings

<Term Loan NN>

Lender	MUFG Bank, Ltd.; Shinsei Bank, Limited; The 77 Bank, Ltd.; Resona Bank, Limited
Borrowing amount	¥2,300,000 thousand
Interest rate	JBA three-month Japanese yen TIBOR + 0.5200%
Borrowing date	October 1, 2021
Due date	June 29, 2029
Interest payment date	For each loan, first on December 30, 2021, and thereafter on the last day of each of March, June, September and December of each year in the period up to the due date, and the due date
Method of repayment	Lump-sum repayment on the due date
Collateral	Unsecured and unguaranteed

<Individual Loan>

Lender	Sumitomo Mitsui Banking Corporation
Borrowing amount	¥770,000 thousand
Interest rate	JBA three-month Japanese yen TIBOR + 0.5200%
Borrowing date	October 1, 2021
Due date	June 29, 2029
Interest payment date	First on December 30, 2021, and thereafter on the last day of each of March, June, September and December of each year in the period up to the due date, and the due date
Method of repayment	Lump-sum repayment on the due date
Collateral	Unsecured and unguaranteed

<Individual Loan>

Lender	Mizuho Bank, Ltd.
Borrowing amount	¥630,000 thousand
Interest rate	JBA three-month Japanese yen TIBOR + 0.4825%
Borrowing date	October 1, 2021
Due date	September 29, 2028
Interest payment date	First on December 30, 2021, and thereafter on the last day of each of March, June, September and December of each year in the period up to the due date, and the due date
Method of repayment	Lump-sum repayment on the due date
Collateral	Unsecured and unguaranteed

English Translation
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<Individual Loan>

Lender	Sumitomo Mitsui Trust Bank, Limited
Borrowing amount	¥500,000 thousand
Interest rate	JBA three-month Japanese yen TIBOR + 0.4075%
Borrowing date	October 1, 2021
Due date	September 30, 2026
Interest payment date	First on December 30, 2021, and thereafter on the last day of each of March, June, September and December of each year in the period up to the due date, and the due date
Method of repayment	Lump-sum repayment on the due date
Collateral	Unsecured and unguaranteed

<Individual Loan>

Lender	MUFG Bank, Ltd.
Borrowing amount	¥1,000,000 thousand
Interest rate	JBA one-month Japanese yen TIBOR + 0.3000%
Borrowing date	October 1, 2021
Due date	September 30, 2022
Interest payment date	First on October 29, 2021, and thereafter on the last day of each month, and the due date
Method of repayment	Lump-sum repayment on the due date
Collateral	Unsecured and unguaranteed

<Individual Loan>

Lender	Sumitomo Mitsui Banking Corporation
Borrowing amount	¥1,000,000 thousand
Interest rate	JBA one-month Japanese yen TIBOR + 0.3000%
Borrowing date	October 1, 2021
Due date	September 30, 2022
Interest payment date	First on October 29, 2021, and thereafter on the last day of each month, and the due date
Method of repayment	Lump-sum repayment on the due date
Collateral	Unsecured and unguaranteed

<Individual Loan>

Lender	MUFG Bank, Ltd.
Borrowing amount	¥370,000 thousand
Interest rate	JBA one-month Japanese yen TIBOR + 0.3000%
Borrowing date	October 1, 2021
Due date	September 30, 2022
Interest payment date	First on October 29, 2021, and thereafter on the last day of each month, and the due date
Method of repayment	Lump-sum repayment on the due date
Collateral	Unsecured and unguaranteed

*Early repayment is planned to be made on November 30, 2021.

English Translation
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(4) Earnings Outlook

The earnings outlook for the 32nd fiscal period (from October 1, 2021 to March 31, 2022) and the 33rd fiscal period (from April 1, 2022 to September 30, 2022) is as follows. For the preconditions for this earnings outlook, please refer to "Preconditions for Earnings Forecast for the 32nd Fiscal Period (from October 1, 2021 to March 31, 2022) and the 33rd Fiscal Period (from April 1, 2022 to September 30, 2022)" below.

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

	Operating revenue		Operating profit		Ordinary profit		Profit		Distribution per unit (excluding distribution in excess of earnings)	Distribution in excess of earnings per unit
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen	Yen
32nd period	11,228	3.9	5,330	4.7	4,602	3.8	4,601	3.8	2,180	—
33rd period	11,286	0.5	5,327	(0.1)	4,635	0.7	4,635	0.7	2,180	—

(Reference) Expected earnings per unit (32nd fiscal period): ¥2,087; Expected earnings per unit (33rd fiscal period): ¥2,102

(Note) The source of funds for payment of distributions for the 32nd fiscal period is the amount of profit after adding reversal of reserve for temporary difference adjustments of ¥204 million and thus it differs from the amount of profit. The source of funds for payment of distributions for the 33rd fiscal period is the amount of profit after adding reversal of reserve for temporary difference adjustments of ¥171 million and thus it differs from the amount of profit.

English Translation
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<Preconditions for Earnings Forecast for the 32nd Fiscal Period (from October 1, 2022 to March 31, 2022) and the 33rd Fiscal Period (from April 1, 2022 to September 30, 2022)>

Item	Preconditions
Dates	・32nd fiscal period: from October 1, 2021 to March 31, 2022 (182 days) ・33rd fiscal period: from April 1, 2022 to September 30, 2022 (183 days)
Portfolio assets	・238 properties owned by the Investment Corporation as of today are assumed. ・The Investment Corporation assumes that there will be no change in the portfolio assets through the end of the 33rd fiscal period (September 30, 2022); In practice, however, there may be fluctuations in the portfolio assets due to other property acquisitions or sales, etc.
Operating revenue	・Operating revenue is calculated under the above assumptions for portfolio assets. ・No posting of gain on sale of real estate properties is expected for the 32nd fiscal period and the 33rd fiscal period.
Operating expenses	・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 32nd fiscal period and the 33rd fiscal period. ・Of the expenses related to leasing business, which are major operating expenses, expenses other than depreciation are calculated based on past results as well as materials provided by the previous owners, etc. of the assets to be acquired and by reflecting fluctuation factors of the expenses. ・Management fee is assumed to be ¥472 million for the 32nd fiscal period and ¥468 million for the 33rd fiscal period. ・For the expenditures for repair of buildings, the amount required in the relevant fiscal period is estimated, and is assumed to be ¥408 million for the 32nd fiscal period and ¥397 million for the 33rd fiscal period. Please note, however, the actual repair expenses could differ significantly from the estimated amount due to unexpected repair expenses possibly arising and other factors. ・Taxes are assumed to be ¥694 million for the 32nd fiscal period and ¥727 million for the 33rd fiscal period. In general, property tax, city planning tax, etc. upon transactions of real estate, etc. are calculated on a pro rata basis and reimbursed at the time of acquisition with the current owner, but the property tax, city planning tax, etc. for the fiscal year of acquisition borne by the Investment Corporation are included in the cost of acquisition and thus not recognized as expenses. ・Depreciation is calculated using the straight-line method, including incidental expenses and additional future capital expenditure, and is assumed to be ¥2,500 million for the 32nd fiscal period and ¥2,512 million for the 33rd fiscal period.
Non-operating expenses	・Non-operating expenses are assumed to be ¥734 million for the 32nd fiscal period and ¥706 million for the 33rd fiscal period and consist of the following: (1) Interest expenses and interest expenses on investment corporation bonds of ¥537 million for the 32nd fiscal period and ¥543 million for the 33rd fiscal period (2) Borrowing-related expenses of ¥150 million for the 32nd fiscal period and ¥149 million for the 33rd fiscal period (3) Investment unit issuance expenses of ¥32 million for the 32nd fiscal period and no posting of investment unit issuance expenses is expected for the 33rd fiscal period (4) Amortization of investment corporation bond issuance costs of ¥11 million for the 32nd fiscal period and ¥11 million for the 33rd fiscal period (5) Other expenses of ¥3 million for the 32nd fiscal period and ¥2 million for the 33rd fiscal period
Interest-bearing debt	・The Investment Corporation has outstanding borrowings of ¥159,157 million and outstanding amount of investment corporation bonds issued of ¥20,100 million as of today, and an early repayment of ¥370 million of the borrowings is planned to be made on November 30, 2021. The outstanding balance of borrowings after the early repayment is ¥158,787 million, and it is assumed that such amounts will not change until the 33rd fiscal period. ・The interest-bearing debt ratio is expected to be 51.0% at the end of both the 32nd fiscal period and the 33rd fiscal period. ・The interest-bearing debt ratio in the forecast is calculated using the following formula. Interest-bearing debt ratio = (Total interest-bearing debt / Total assets) x 100

English Translation
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Item	Preconditions
Total number of investment units issued and outstanding	・The total number of investment units issued and outstanding is 2,204,890 units as of today. ・Afterward, it is assumed there will be no change to this through to the end of the 33rd fiscal period.
Distribution per unit	・Distribution per unit is based on the assumption that distribution will comply with the monetary distribution policy stipulated in the Articles of Incorporation. In addition, as a principle, it is calculated with the assumption that all of the profit in each business period will be distributed. ・A total of ¥4,806 million (distribution per unit of ¥2,180), which is the amount obtained by adding the planned reversal of reserve for temporary difference adjustments of ¥204 million (¥92 per unit) to profit of ¥4,601 million (¥2,087 per unit), is assumed to be distributed for the 32nd fiscal period. ・A total of ¥4,806 million (distribution per unit of ¥2,180), which is the amount obtained by adding the planned reversal of reserve for temporary difference adjustments of ¥171 million (¥77 per unit) to profit of ¥4,635 million (¥2,102 per unit), is assumed to be distributed for the 33rd 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	・At present, the Investment Corporation does not plan to make cash distribution in excess of earnings.
Other	・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.

English Translation
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2. Financial Statements

(1) Balance Sheet

(Unit: thousand yen)

	30th period (as of March 31, 2021)	31st period (as of September 30, 2021)
Assets		
Current assets		
Cash and deposits	14,923,509	11,043,809
Cash and deposits in trust	2,976,743	2,805,402
Operating accounts receivable	233,229	161,360
Prepaid expenses	317,720	378,549
Other	1	1
Allowance for doubtful accounts	(5,783)	(6,350)
Total current assets	18,445,420	14,382,773
Non-current assets		
Property, plant and equipment		
Buildings	93,625,831	95,569,441
Accumulated depreciation	(23,329,438)	(24,480,723)
Buildings, net	70,296,393	71,088,717
Structures	465,750	482,461
Accumulated depreciation	(254,812)	(268,880)
Structures, net	210,938	213,580
Machinery and equipment	431,353	435,839
Accumulated depreciation	(245,778)	(257,101)
Machinery and equipment, net	185,575	178,738
Tools, furniture and fixtures	899,200	1,035,915
Accumulated depreciation	(498,960)	(558,870)
Tools, furniture and fixtures, net	400,240	477,044
Land	76,247,579	80,102,997
Construction in progress	13,280	1,166
Buildings in trust	85,026,295	85,464,925
Accumulated depreciation	(7,986,888)	(9,107,341)
Buildings in trust, net	77,039,407	76,357,583
Structures in trust	903,869	906,628
Accumulated depreciation	(132,541)	(155,404)
Structures in trust, net	771,327	751,224
Machinery and equipment in trust	115,307	118,728
Accumulated depreciation	(44,958)	(49,132)
Machinery and equipment in trust, net	70,349	69,596
Tools, furniture and fixtures in trust	250,678	306,427
Accumulated depreciation	(87,220)	(111,326)
Tools, furniture and fixtures in trust, net	163,458	195,101
Land in trust	90,094,672	90,752,906
Construction in progress in trust	-	5,118
Total property, plant and equipment	315,493,222	320,193,775
Intangible assets		
Leasehold interests in land	546,283	546,283
Right to use water facilities	32	6
Land leasehold interests in trust	64,514	64,198
Trademark right	562	529
Total intangible assets	611,394	611,017

English Translation
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(Unit: thousand yen)

	30th period (as of March 31, 2021)	31st period (as of September 30, 2021)
Investments and other assets		
Leasehold and guarantee deposits	13,898	13,908
Long-term prepaid expenses	761,376	806,005
Reserve for repairs	168,088	174,701
Total investments and other assets	943,363	994,615
Total non-current assets	317,047,979	321,799,409
Deferred assets		
Investment corporation bond issuance costs	108,312	119,800
Total deferred assets	108,312	119,800
Total assets	335,601,712	336,301,982
Liabilities		
Current liabilities		
Operating accounts payable	399,151	343,130
Current portion of investment corporation bonds	3,000,000	-
Current portion of long-term borrowings	13,700,000	13,500,000
Accounts payable - other	24,884	21,748
Accrued expenses	740,096	757,341
Income taxes payable	605	605
Accrued consumption tax	60,232	31,436
Advances received	799,896	801,644
Other	9,414	8,506
Total current liabilities	18,734,281	15,464,413
Non-current liabilities		
Investment corporation bonds	17,100,000	20,100,000
Long-term borrowings	137,937,000	139,087,000
Leasehold and guarantee deposits received	1,081,795	1,082,393
Leasehold and guarantee deposits received in trust	3,159,742	3,151,555
Asset retirement obligations	117,862	118,186
Other	4,348	3,383
Total non-current liabilities	159,400,749	163,542,518
Total liabilities	178,135,030	179,006,932
Net assets		
Unitholders' equity		
Unitholders' capital	124,110,336	124,110,336
Surplus		
Capital surplus	20,620,242	20,620,242
Voluntary retained earnings		
Reserve for dividends	875,895	875,895
Reserve for temporary difference adjustments	*2 7,402,881	*2 7,256,068
Total voluntary retained earnings	8,278,777	8,131,963
Unappropriated retained earnings (undisposed loss)	4,457,325	4,432,507
Total surplus	33,356,345	33,184,714
Total unitholders' equity	157,466,681	157,295,050
Total net assets	*1 157,466,681	*1 157,295,050
Total liabilities and net assets	335,601,712	336,301,982

English Translation
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(2) Statement of Income

(Unit: thousand yen)

	30th period (from October 1, 2020 to March 31, 2021)	31st period (from April 1, 2021 to September 30, 2021)
Operating revenue		
Leasing business revenue	*1 10,487,682	*1 10,811,993
Total operating revenue	10,487,682	10,811,993
Operating expenses		
Expenses related to leasing business	*1 4,222,157	*1 4,524,445
Asset management fees	744,500	769,500
Remuneration for directors (and other officers)	10,500	10,500
Asset custody fees	17,182	18,135
Administrative service fees	46,827	47,591
Audit fees	15,000	15,000
Provision of allowance for doubtful accounts	709	2,765
Bad debt expenses	0	223
Other operating expenses	329,248	333,246
Total operating expenses	5,386,126	5,721,407
Operating profit	5,101,555	5,090,585
Non-operating income		
Interest income	10	10
Miscellaneous income	40,247	18,579
Total non-operating income	40,258	18,590
Non-operating expenses		
Interest expenses	438,954	452,470
Interest expenses on investment corporation bonds	37,796	62,224
Borrowing related expenses	157,608	145,312
Investment unit issuance expenses	39,075	-
Amortization of investment corporation bond issuance costs	8,232	12,480
Other	2,213	3,575
Total non-operating expenses	683,882	676,063
Ordinary profit	4,457,930	4,433,112
Profit before income taxes	4,457,930	4,433,112
Income taxes - current	605	605
Total income taxes	605	605
Profit	4,457,325	4,432,507
Unappropriated retained earnings (undisposed loss)	4,457,325	4,432,507

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(3) Statement of Unitholders' Equity

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

(Unit: thousand yen)

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

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

English Translation
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31st period (from April 1, 2021 to September 30, 2021)

(Unit: thousand yen)

	Unitholders' equity							
	Unitholders' capital	Surplus						Total unitholders' equity
		Capital surplus	Voluntary retained earnings			Unappropriated retained earnings (undisposed loss)	Total surplus	
			Reserve for dividends	Reserve for temporary difference adjustments	Total voluntary retained earnings			
Balance at beginning of period	124,110,336	20,620,242	875,895	7,402,881	8,278,777	4,457,325	33,356,345	157,466,681
Changes during period								
Reversal of reserve for temporary difference adjustments				(146,813)	(146,813)	146,813	—	—
Dividends of surplus						(4,604,139)	(4,604,139)	(4,604,139)
Profit						4,432,507	4,432,507	4,432,507
Net changes in items other than unitholders' equity								
Total changes during period	—	—	—	(146,813)	(146,813)	(24,817)	(171,631)	(171,631)
Balance at end of period	124,110,336	20,620,242	875,895	7,256,068	8,131,963	4,432,507	33,184,714	157,295,050

	Total net assets
Balance at beginning of period	157,466,681
Changes during period	
Reversal of reserve for temporary difference adjustments	—
Dividends of surplus	(4,604,139)
Profit	4,432,507
Net changes in items other than unitholders' equity	—
Total changes during period	(171,631)
Balance at end of period	157,295,050

English Translation
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(4) Statement of Cash Distributions

Item	30th period (from October 1, 2020 to March 31, 2021)	31st period (from April 1, 2021 to September 30, 2021)
I. Unappropriated retained earnings	¥4,457,325,960	¥4,432,507,979
II. Reversal of voluntary retained earnings		
Reversal of reserve for temporary difference adjustments	*1 ¥146,813,400	*1 ¥171,631,381
III. Amount of distributions	¥4,604,139,360	¥4,604,139,360
[Amount of distribution per investment unit]	[¥2,160]	[¥2,160]
IV. Retained earnings carried forward	—	—
Method for calculating the amount of distributions	The cash distribution policy set out in Article 15, Paragraph 1 of the Articles of Incorporation of the Investment Corporation stipulates that the amount of distributions shall exceed the amount equivalent to 90% of "earnings available for distribution" as provided for in Article 67-15 of the Special Taxation Measures Act. Based on this policy, the decision was made to distribute, as a distribution of earnings, ¥4,604,139,360, the maximum integral multiple of the 2,131,546 investment units issued and an amount not exceeding the amount obtained by adding ¥146,813,400 of reversal of reserve for temporary difference adjustments to ¥4,457,325,960 of unappropriated retained earnings. The cash distribution in excess of earnings set out in Article 15, Paragraph 3 of the Articles of Incorporation of the Investment Corporation will not take place.	The cash distribution policy set out in Article 15, Paragraph 1 of the Articles of Incorporation of the Investment Corporation stipulates that the amount of distributions shall exceed the amount equivalent to 90% of "earnings available for distribution" as provided for in Article 67-15 of the Special Taxation Measures Act. Based on this policy, the decision was made to distribute, as a distribution of earnings, ¥4,604,139,360 which was the maximum integral multiple of 2,131,546 investment units issued and an amount not exceeding the amount obtained by adding ¥171,631,381 of reversal of reserve for temporary difference adjustments to ¥4,432,507,979 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.

English Translation
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(5) Statement of Cash Flows

(Unit: thousand yen)

	30th period (from October 1, 2020 to March 31, 2021)	31st period (from April 1, 2021 to September 30, 2021)
Cash flows from operating activities		
Profit before income taxes	4,457,930	4,433,112
Depreciation	2,367,063	2,408,527
Amortization of long-term prepaid expenses	118,389	113,486
Amortization of investment corporation bond issuance costs	8,232	12,480
Interest income	(10)	(10)
Interest expenses	438,954	452,470
Interest expenses on investment corporation bonds	37,796	62,224
Increase (decrease) in allowance for doubtful accounts	242	567
Decrease (increase) in operating accounts receivable	(60,459)	71,869
Decrease (increase) in prepaid expenses	21,296	(50,238)
Decrease (increase) in consumption taxes refund receivable	170,369	-
Increase (decrease) in operating accounts payable	(453,973)	(125,695)
Increase (decrease) in accrued consumption taxes	60,232	(28,796)
Increase (decrease) in accounts payable - other	(30,772)	(1,408)
Increase (decrease) in accrued expenses	(8,908)	16,708
Increase (decrease) in advances received	78,224	1,747
Long-term prepaid expenses paid	(278,917)	(168,705)
Other	(14,606)	(14,748)
Subtotal	6,911,084	7,183,591
Interest received	10	10
Interest paid	(459,775)	(510,506)
Income taxes paid	(605)	(605)
Net cash provided by (used in) operating activities	6,450,714	6,672,491
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,429,849)	(5,929,638)
Purchase of property, plant and equipment in trust	(19,532,239)	(1,110,171)
Purchase of intangible assets	(381)	-
Refund of leasehold and guarantee deposits received	(71,824)	(100,429)
Proceeds from leasehold and guarantee deposits received	69,026	103,267
Refund of leasehold and guarantee deposits received in trust	(53,354)	(43,299)
Proceeds from leasehold and guarantee deposits received in trust	385,754	35,255
Net cash provided by (used in) investing activities	(21,632,868)	(7,045,015)

English Translation
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(Unit: thousand yen)

	30th period (from October 1, 2020 to March 31, 2021)	31st period (from April 1, 2021 to September 30, 2021)
Cash flows from financing activities		
Proceeds from issuance of investment corporation bonds	10,000,000	3,000,000
Redemption of investment corporation bonds	-	(3,000,000)
Proceeds from short-term borrowings	870,000	980,000
Repayments of short-term borrowings	(3,370,000)	(980,000)
Proceeds from long-term borrowings	20,564,000	11,150,000
Repayments of long-term borrowings	(9,014,000)	(10,200,000)
Proceeds from issuance of investment units	6,394,701	-
Payment of investment corporation bond issuance costs	(69,714)	(23,969)
Distributions paid	(4,502,940)	(4,604,546)
Net cash provided by (used in) financing activities	20,872,046	(3,678,516)
Net increase (decrease) in cash and cash equivalents	5,689,892	(4,051,040)
Cash and cash equivalents at beginning of period	12,210,360	17,900,252
Cash and cash equivalents at end of period	*1 17,900,252	*1 13,849,212

English Translation
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(6) Notes on the Going Concern Assumption

Not applicable.

(7) Notes on Matters Concerning Significant Accounting Policies

1. Method of depreciation of non-current assets

① Property, plant and equipment (including trust accounts)

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

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

② Intangible assets

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

③ Long-term prepaid expenses

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

2. Accounting for deferred assets

① Investment unit issuance expenses

The entire amount is expensed when incurred.

② Investment corporation bond issuance costs

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

3. Standards for recognition of allowances

Allowance for doubtful accounts

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

4. Standards for recognition of revenues and expenses

Accounting for property tax, etc.

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

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

5. Method of hedge accounting

① Method of hedge accounting

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

② Hedging instruments and hedged items

Hedging instruments: Interest rate swap transactions

Hedged items: Interest on borrowings

③ Hedging policy

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

④ Method for assessing the effectiveness of hedging

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

6. Scope of funds on the Statement of Cash Flows

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

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

(1) Accounting for trust beneficiary interests in real estate

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

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

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

(2) Accounting for consumption taxes

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

(8) Notes on Changes in Accounting Policies

"Accounting Standard for Fair Value Measurement" (Accounting Standards Board of Japan (ASBJ) Statement No. 30, July 4, 2019; hereinafter the "Fair Value Measurement Accounting Standard"), etc. has been applied from the beginning of the period under review, and in accordance with the transitional treatment prescribed in Paragraph 19 of the Fair Value Measurement Accounting Standard and Paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019), it has been decided that the new accounting policies set forth by the Fair Value Measurement Accounting Standard, etc. would be applied in the future. This has no impact on the financial statements for the fiscal period under review.

In accordance with the provisions of Article 2, Paragraph 5 of the Supplementary Provisions of the "Cabinet Office Ordinance for Partial Revision of the Regulation for Terminology, Forms and Preparation of Financial Statements, etc." (Cabinet Office Ordinance No. 61, September 24, 2021), the description of the matters listed in Article 8-6-2, Paragraph 1, Item 3 of the revised Ordinance on the Terminology, Forms, and Preparation Methods of Financial Statements, etc. is omitted.

(9) Notes on Changes in Presentation Methods

(Statement of Income)

It has been decided that "Interest expenses on investment corporation bonds," which was included in "Interest expenses" of "Non-operating expenses" in the previous fiscal period, is stated independently from the fiscal period under review as the significance of its monetary value increased.

As a result, the ¥476,751 thousand shown in the "Interest expenses" of "Non-operating expenses" in the Statement of Income for the previous fiscal period is restated as "Interest expenses" of ¥438,954 thousand and "Interest expenses on investment corporation bonds" of ¥37,796 thousand.

(Statement of Cash Flows)

It has been decided that "Interest expenses on investment corporation bonds," which was included in "Interest expenses" of "Cash flows from operating activities" in the previous fiscal period, is stated independently from the fiscal period under review as the significance of its monetary value increased.

As a result, the ¥476,751 thousand shown in the "Interest expenses" of "Cash flows from operating activities" in the Statement of Cash Flows for the previous fiscal period is restated as "Interest expenses" of ¥438,954 thousand and "Interest expenses on investment corporation bonds" of ¥37,796 thousand.

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(10) 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

30th period (as of March 31, 2021)

(Unit: thousand yen)

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

31st period (as of September 30, 2021)

(Unit: thousand yen)

	Initial amount	Balance at beginning of period	Provision during period	Reversal during period	Balance at end of period	Reason for provision/reversal
Reserve for dividends (Note 1)	6,733,122	6,204,747	—	134,832	6,069,914	Appropriation to the distribution
Part of the discrepancy between taxation and accounting in excess of earnings due to gain on bargain purchase (Note 2)	1,198,134	1,198,134	—	11,981	1,186,153	Appropriation to the distribution
Total	7,931,256	7,402,881	—	146,813	7,256,068	

(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.

English Translation
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(Notes to Statement of Income)

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

	30th period (from October 1, 2020 to March 31, 2021)	31st period (from April 1, 2021 to September 30, 2021)
A. Leasing business revenue		
Rent income	¥9,328,577 thousand	¥9,578,087 thousand
Common area charges	¥468,404 thousand	¥484,844 thousand
Parking revenue	¥291,070 thousand	¥299,866 thousand
Incidental revenue	¥72,394 thousand	¥92,188 thousand
Other leasing business revenue	¥327,234 thousand	¥357,005 thousand
Total	¥10,487,682 thousand	¥10,811,993 thousand
B. Expenses related to leasing business		
Management fees	¥466,136 thousand	¥482,841 thousand
Taxes	¥529,453 thousand	¥702,902 thousand
Utilities expenses	¥138,649 thousand	¥150,805 thousand
Repair expenses	¥380,699 thousand	¥377,142 thousand
Insurance expenses	¥18,041 thousand	¥23,500 thousand
Advertising expenses	¥213,382 thousand	¥267,176 thousand
Trust fees	¥19,413 thousand	¥20,236 thousand
Depreciation	¥2,366,741 thousand	¥2,408,527 thousand
Other expenses related to leasing business	¥89,639 thousand	¥91,310 thousand
Total	¥4,222,157 thousand	¥4,524,445 thousand
C. Net profit on operations of rental properties (A − B)	¥6,265,524 thousand	¥6,287,547 thousand

(Notes to Statement of Unitholders' Equity)

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

English Translation
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(Notes to Statement of Cash Distributions)

*1. Reserve for temporary difference adjustments

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

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

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

31st period (from April 1, 2021 to September 30, 2021)

By application of the transitional measures stipulated in Paragraph 3 of Supplementary Provisions of Ordinance on Accountings of Investment Corporations (Cabinet Office Ordinance No. 27 of 2015), ¥6,733,122,069 of reserve for dividends that is the remaining balance of the amount subdivided into gain on bargain purchase recorded in prior fiscal years is reserved as reserve for temporary difference adjustments on the Statement of Cash Distributions for the fiscal period ended March 2017. Starting from the fiscal period ended September 2017 (the fiscal period following the fiscal period 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 ¥159,650,035 in the fiscal period ended September 2021.

Of the discrepancy between taxation and accounting in excess of earnings (refers to the discrepancy between taxation and accounting where the amount obtained by deducting the total amount of expenses, etc. from the total amount of revenues, etc. exceeds the amount obtained by deducting the amount of deductible expenses from the amount of gross profit) arising in the fiscal period ended September 2020, ¥1,198,134,568 is reserved as reserve for temporary difference adjustments. Starting from the fiscal period ended March 2021 (the fiscal period following the fiscal period 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 2021.

(Notes to Statement of Cash Flows)

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

	30th period (from October 1, 2020 to March 31, 2021)	31st period (from April 1, 2021 to September 30, 2021)
Cash and deposits	¥14,923,509 thousand	¥11,043,809 thousand
Cash and deposits in trust	¥2,976,743 thousand	¥2,805,402 thousand
Cash and cash equivalents	¥17,900,252 thousand	¥13,849,212 thousand

English Translation
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(Notes on Related-Party Transactions)

1. Parent company, major corporate unitholder, etc.

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

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

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

(Note 2) Of the amounts above, the amount of transaction does not include consumption tax, etc., and the balance at the end of the period includes consumption tax, etc.

31st period (from April 1, 2021 to September 30, 2021)

Type	Name	Location	Capital stock or investments in capital (billion yen)	Description of business or occupation	Percentage of voting rights, etc. held in (by) related party (%)	Relationship with related party	Description of transaction	Amount of transaction (thousand yen) (Note 2)	Account item	Balance at the end of the period (thousand yen) (Note 2)
Major unitholder	Daiwa Securities Group Inc.	Chiyoda-ku, Tokyo	247.3	(Note 1)	15.73	Major unitholder	Leasing business revenue, etc.	14,758	Operating accounts receivable	—
									Advances received	2,539
									Leasehold and guarantee deposits received	2,401
									Leasehold and guarantee deposits received in trust	764

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

(Note 2) Of the amounts above, the amount of transaction does not include consumption tax, etc., and the balance at the end of the period includes consumption tax, etc.

2. Subsidiary, etc.

Not applicable for the 30th period and 31st period.

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3. Fellow subsidiary, etc.

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

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

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

(Note 2) Share capital is ¥100 billion.

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

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

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

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

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31st period (from April 1, 2021 to September 30, 2021)

Type	Name	Location	Capital stock or investments in capital (thousand yen)	Description of business or occupation	Percentage of voting rights, etc. held in (by) related party (%)	Relationship with related party	Description of transaction	Amount of transaction (thousand yen) (Note 1)	Account item	Balance at the end of the period (thousand yen) (Note 1)
Subsidiary of major unitholder	Daiwa Securities Co. Ltd.	Chiyoda-ku, Tokyo	(Note 2)	(Note 3)	0.02	Counterparty to interest rate swap transaction	Amount of payment for interest rate swap transaction	1,982	Accrued expenses	266
Subsidiary of major unitholder	Good Time Living Co. Ltd.	Chiyoda-ku, Tokyo	50,000	Operation of fee-based homes for the elderly, etc.	0.49	Healthcare facility renter and operator	Leasing business revenue, etc.	1,265,409	Advances received	199,315
									Leasehold and guarantee deposits received in trust	1,252,255

(Note 1) Of the amounts above, the amount of transaction does not include consumption tax, etc., and the balance at the end of the period includes consumption tax, etc.
(Note 2) Share capital is ¥100 billion.
(Note 3) The description of business or occupation is the purchase and sale of securities, etc., the intermediation, brokerage, or agency for the purchase and sale of securities, etc., the underwriting of securities, etc., and other financial instruments businesses and businesses incidental thereto.
(Note 4) The terms and conditions of transactions were determined based on market conditions.

4. Director, major individual unitholder, etc.

Not applicable for the 30th period and 31st 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)

			30th period (from October 1, 2020 to March 31, 2021)	31st period (from April 1, 2021 to September 30, 2021)
Rental residential properties	Carrying amount (Note 2)	Balance at the beginning of the period	296,452,935	316,090,772
		Net increase (decrease) during the period (Note 3) (Note 4)	19,637,837	4,707,206
		Balance at the end of the period	316,090,772	320,797,979
	Fair value at the end of the period (Note 5)		383,123,000	395,997,000

(Note 1) For a summary of the rental residential properties, please refer to "3. Reference Information; (1) Information on Price of Assets under Management" later in this document.
(Note 2) The carrying amounts represented the amount after deducting the accumulated depreciation and impairment losses from the acquisition costs (including incidental expenses upon acquisition).
(Note 3) For the 30th period, major increase during the period was acquisition of 2 real estate properties and trust beneficiary interests in 6 real estate (¥21,294,314 thousand) and major decrease was depreciation (¥2,366,741 thousand).
(Note 4) For the 31st period, major increase during the period was acquisition of 5 real estate properties and trust beneficiary interests in 1 real estate (¥6,634,418 thousand) and major decrease was depreciation (¥2,408,527 thousand).
(Note 5) Fair value at the end of the period was based on the appraisal value or investigation value by external real-property appraisers.

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

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(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]

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

1. Information about products and services

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

2. Information about geographical areas

(1) Operating revenue

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

(2) Property, plant and equipment

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

3. Information about major customers

(Unit: thousand yen)

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

31st period (from April 1, 2021 to September 30, 2021)

1. Information about products and services

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

2. Information about geographical areas

(1) Operating revenue

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

(2) Property, plant and equipment

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

3. Information about major customers

(Unit: thousand yen)

Name of the customer	Operating revenue	Related segment
Good Time Living Co. Ltd.	1,265,409	Real estate investment business

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(Notes on Per Unit Information)

	30th period (from October 1, 2020 to March 31, 2021)	31st period (from April 1, 2021 to September 30, 2021)
Net assets per unit	¥73,874	¥73,793
Earnings per unit	¥2,117	¥2,079

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:

	30th period (from October 1, 2020 to March 31, 2021)	31st period (from April 1, 2021 to September 30, 2021)
Profit (thousand yen)	4,457,325	4,432,507
Amount not attributable to common unitholders (thousand yen)	—	—
Profit attributable to common investment units (thousand yen)	4,457,325	4,432,507
Average number of investment units during the period (units)	2,104,546	2,131,546

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(Notes on Significant Subsequent Events)

A. Acquisition of Assets

The Investment Corporation acquired the assets for which purchase and sale agreements were concluded on September 10, 2021, as described below.

Property name	Asset type	Property type	Location	Acquisition price (thousand yen) (Note 1)	Appraisal value (thousand yen) (Note 2)	Acquisition date	Counterparty
Gran Casa Shin-Osaka SOUTH	Trust beneficiary interests	Rental housing	Osaka city, Osaka	4,310,000	4,500,000	October 1, 2021	(Note 3)
Serenite Nippombashi Prier	Trust beneficiary interests	Rental housing	Osaka city, Osaka	2,606,771	2,750,000	October 1, 2021	(Note 4)
Charm Premier Kamakurayama	Trust beneficiary interests	Healthcare facilities	Kamakura city, Kanagawa	2,550,000	2,630,000	October 1, 2021	(Note 5)
As Heim Tsunashima	Trust beneficiary interests	Healthcare facilities	Yokohama city, Kanagawa	1,500,000	1,610,000	October 1, 2021	(Note 6)
Library ShinShibamata	Trust beneficiary interests	Healthcare facilities	Edogawa-ku, Tokyo	1,405,000	1,470,000	October 1, 2021	(Note 7)
Ishinkan Kamiooka	Trust beneficiary interests	Healthcare facilities	Yokohama city, Kanagawa	933,000	1,000,000	October 1, 2021	(Note 7)
Total	—	—	—	13,304,771	13,960,000	—	—

(Note 1) The amount (the trade price of the trust beneficiary right recorded in the trust beneficiary right assignment contract) that does not include the expenses required for the acquisition of the trust beneficiary right (intermediation fees, taxes and public dues, etc.) is stated.
(Note 2) The date of the appraisal value is August 1, 2021.
(Note 3) The counterparty is G.K. Tokyo Residential 4.
(Note 4) The counterparty is G.K. Tokyo Residential 2.
(Note 5) The counterparty is G.K. DA Healthcare 4.
(Note 6) The counterparty is G.K. DA Healthcare 8.
(Note 7) The counterparty is Daiwa Facilities Co., Ltd.

B. Issuance of New Investment Units

At the meetings of the Board of Directors held on September 10, 2021, and September 15, 2021, the Investment Corporation passed a resolution on issuance of new investment units as follows, and the payment was made for the issuance of new investment units through public offering on October 1, 2021 and for the issuance of new investment units through third-party allotment on October 20, 2021, respectively. As a result, as of the date of this report, unitholders' capital is ¥132,170,548,475, and the total number of investment units issued and outstanding is 2,204,890 units.

(a) Issuance of new investment units through public offering

Number of new investment units issued	:	70,476 units
Issue price (offering price)	:	¥113,626 per unit
Total issue price (offering price)	:	¥8,007,905,976
Issue value (paid amount)	:	¥109,896 per unit
Total issue value (paid amount)	:	¥7,745,030,496
Payment date	:	October 1, 2021

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

Number of new investment units issued	:	2,868 units
Offer price (paid amount)	:	¥109,896 per unit
Total offer price (paid amount)	:	¥315,181,728
Payment date	:	October 20, 2021
Allottee	:	Daiwa Securities Co. Ltd.

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(c) Use of funds

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

C. Borrowing of Funds

The Investment Corporation borrowed funds on October 1, 2021. The use of funds is the acquisition of the assets described in “A. Acquisition of Assets” above.

Summary of borrowings

<Term Loan NN>

Lender	MUFG Bank, Ltd.; Shinsei Bank, Limited; The 77 Bank, Ltd.; Resona Bank, Limited
Borrowing amount	¥2,300,000 thousand
Interest rate	JBA three-month Japanese yen TIBOR + 0.5200%
Borrowing date	October 1, 2021
Due date	June 29, 2029
Interest payment date	For each loan, first on December 30, 2021, and thereafter on the last day of each of March, June, September and December of each year in the period up to the due date, and the due date
Method of repayment	Lump-sum repayment on the due date
Collateral	Unsecured and unguaranteed

<Individual Loan>

Lender	Sumitomo Mitsui Banking Corporation
Borrowing amount	¥770,000 thousand
Interest rate	JBA three-month Japanese yen TIBOR + 0.5200%
Borrowing date	October 1, 2021
Due date	June 29, 2029
Interest payment date	First on December 30, 2021, and thereafter on the last day of each of March, June, September and December of each year in the period up to the due date, and the due date
Method of repayment	Lump-sum repayment on the due date
Collateral	Unsecured and unguaranteed

<Individual Loan>

Lender	Mizuho Bank, Ltd.
Borrowing amount	¥630,000 thousand
Interest rate	JBA three-month Japanese yen TIBOR + 0.4825%
Borrowing date	October 1, 2021
Due date	September 29, 2028
Interest payment date	First on December 30, 2021, and thereafter on the last day of each of March, June, September and December of each year in the period up to the due date, and the due date
Method of repayment	Lump-sum repayment on the due date
Collateral	Unsecured and unguaranteed

English Translation
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<Individual Loan>

Lender	Sumitomo Mitsui Trust Bank, Limited
Borrowing amount	¥500,000 thousand
Interest rate	JBA three-month Japanese yen TIBOR + 0.4075%
Borrowing date	October 1, 2021
Due date	September 30, 2026
Interest payment date	First on December 30, 2021, and thereafter on the last day of each of March, June, September and December of each year in the period up to the due date, and the due date
Method of repayment	Lump-sum repayment on the due date
Collateral	Unsecured and unguaranteed

<Individual Loan>

Lender	MUFG Bank, Ltd.
Borrowing amount	¥1,000,000 thousand
Interest rate	JBA one-month Japanese yen TIBOR + 0.3000%
Borrowing date	October 1, 2021
Due date	September 30, 2022
Interest payment date	First on October 29, 2021, and thereafter on the last day of each month, and the due date
Method of repayment	Lump-sum repayment on the due date
Collateral	Unsecured and unguaranteed

<Individual Loan>

Lender	Sumitomo Mitsui Banking Corporation
Borrowing amount	¥1,000,000 thousand
Interest rate	JBA one-month Japanese yen TIBOR + 0.3000%
Borrowing date	October 1, 2021
Due date	September 30, 2022
Interest payment date	First on October 29, 2021, and thereafter on the last day of each month, and the due date
Method of repayment	Lump-sum repayment on the due date
Collateral	Unsecured and unguaranteed

<Individual Loan>

Lender	MUFG Bank, Ltd.
Borrowing amount	¥370,000 thousand
Interest rate	JBA one-month Japanese yen TIBOR + 0.3000%
Borrowing date	October 1, 2021
Due date	September 30, 2022
Interest payment date	First on October 29, 2021, and thereafter on the last day of each month, and the due date
Method of repayment	Lump-sum repayment on the due date
Collateral	Unsecured and unguaranteed

*Early repayment is planned to be made on November 30, 2021.

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(Omission of Disclosure)

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

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

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

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

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

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

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

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

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3. Reference Information

(1) Information on Price of Assets under Management

① Composition of Assets of the Investment Corporation

The status of assets under management of the Investment Corporation as of the end of the fiscal period is shown in the table below. Assets under management of both real estate and beneficiary interest of real estate trust (hereinafter "trust beneficiary interest") 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	31st period (as of September 30, 2021)	
			Total amount held (million yen) (Note 3)	Ratio to total assets (%) (Note 4)
Real estate	Rental housing	23 wards of Tokyo	80,590	24.0
		Three major metropolitan areas (Note 1)	53,452	15.9
		Other major cities (Note 1)	18,563	5.5
	Healthcare facilities	Three major metropolitan areas (Note 2)	—	—
		Core city areas (Note 2)	—	—
		Other (Note 2)	—	—
	Subtotal		152,607	45.4
Trust beneficiary interest	Rental housing	23 wards of Tokyo	17,890	5.3
		Three major metropolitan areas (Note 1)	38,158	11.3
		Other major cities (Note 1)	13,928	4.1
	Healthcare facilities	Three major metropolitan areas (Note 2)	88,320	26.3
		Core city areas (Note 2)	9,891	2.9
		Other (Note 2)	-	-
	Subtotal		168,190	50.0
Deposits and other assets			15,504	4.6
Total assets			336,301	100.0

	31st period (as of September 30, 2021)	
	Amount (million yen)	Ratio to total assets (%) (Note 4)
Total liabilities (Note 5)	179,006	53.2
Total net assets (Note 5)	157,295	46.8
Total assets	336,301	100.0

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

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

(Note 3) The total amount held is the amount recorded on the balance sheet as of the closing date (for real estate and trust beneficiary interest, book value after impairment and depreciation). The amount of real estate or trust beneficiary interest 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 interest, real estate or deposits and other assets to total assets. (The ratio is rounded off to the first decimal place.)

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

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

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

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

Property type	Area classification	Property name	Acquisition price (million yen) (Note 1)	Investment ratio (%) (Note 2)	Carrying amount (million yen)	Appraisal value at the end of the period (million yen) (Note 3)
Rental housing	23 wards of Tokyo	willDo Kiyosumi	5,024	1.5	4,561	7,230
		Turkey's Denenchofu No.2	281	0.1	265	344
		Joy Oyamadai	624	0.2	689	703
		willDo Otsuka	725	0.2	717	799
		Toshin Shoto Mansion	912	0.3	958	1,090
		Harmony Kamikitazawa	400	0.1	395	401
		College Square KitaIkebukuro	727	0.2	623	843
		College Square Tobu Nerima	892	0.3	794	1,020
		College Square Akatsuka	734	0.2	628	864
		College Square Waseda II	215	0.1	186	341
		College Square Myogadani	1,060	0.3	989	1,460
		College Square Shinkoiwa	724	0.2	649	820
		College Square Kiba	639	0.2	546	812
		College Square Kinshicho	490	0.1	446	598
		College Square Waseda	316	0.1	296	400
		Lexington Square Shinjuku Gyoen	1,010	0.3	1,017	1,370
		Prospect NihombashiHoncho	808	0.2	754	1,290
		Maison de Ville Takanawa Gyoranzaka	1,480	0.4	1,464	2,040
		Roppongi Rise House	912	0.3	864	1,330
		TK Flats Shibuya	4,770	1.4	4,433	6,830
		Maison de Ville Naka-Meguro	1,050	0.3	1,027	1,680
		Prospect KALON Minowa	1,620	0.5	1,392	2,400
		Prospect Shinonomebashi	3,040	0.9	2,741	4,430
		Prospect Monzennakacho	1,080	0.3	989	1,520
		Prospect Ogikubo	701	0.2	624	959
		Exceria Ikebukuro West II	852	0.3	820	1,150
		Prospect OmoriKaigan	1,480	0.4	1,400	2,210
		Gala Place Shinjuku Gyoen	2,170	0.7	2,120	3,410
		Joyce Court	3,010	0.9	2,919	4,470
		Act Forme Asakusa	1,216	0.4	1,149	2,110
		Gran Casa Roppongi	1,480	0.4	757	987
		Gran Casa MinamiAoyama	3,750	1.1	2,278	2,310
		Storia Jingumae	3,160	1.0	3,179	2,780
		Gran Casa Shinjuku Gyoen	2,525	0.8	2,499	3,980
		Lietocourt Yotsuya	1,716	0.5	1,726	2,470
		Lietocourt Motoakasaka	1,095	0.3	1,102	1,680
		Gran Casa Ginza East	2,000	0.6	2,039	2,560
		Gran Casa Minowa	850	0.3	853	1,010
		Gran Casa Honkomagome	1,500	0.5	1,597	1,670
		Gran Casa Nihonbashi Hamacho	930	0.3	1,003	1,040
		Gran Casa Magome I	602	0.2	652	624
		Gran Casa OmoriKaigan	1,119	0.3	1,206	1,200
		Gran Casa Ueno Ikenohata	1,420	0.4	1,485	1,470
		Gran Casa Sumiyoshi	1,140	0.3	1,230	1,190
		Gran Casa Ueno Iriya	1,225	0.4	1,326	1,260
		Gran Casa Monzennakacho	780	0.2	831	835
		Gran Casa Magome II	700	0.2	736	730
		Gran Casa Itabashi EAST	955	0.3	1,010	989
		Profit Link Takenotsuka	636	0.2	616	752
		Dream Heights	358	0.1	377	512
		Green Hills Asukayama	587	0.2	559	744
		Oji Heights	347	0.1	340	503
		Sakagami Royal Heights No. II	360	0.1	347	510
		willDo Todoroki	1,764	0.5	1,756	1,940
		MGA Kanamachi	484	0.1	482	468
		Greenhills Roka	662	0.2	691	760
		Lofty Hirai	324	0.1	307	378
		Colonnade Kasuga	3,115	0.9	3,219	2,810
Rental housing	23 wards of Tokyo	The Palms Yoyogi Uehara Cosmo Terrace	1,250	0.4	1,263	1,620
		Sun Terrace Yoyogi Uehara	1,180	0.4	1,202	1,700

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Property type	Area classification	Property name	Acquisition price (million yen) (Note 1)	Investment ratio (%) (Note 2)	Carrying amount (million yen)	Appraisal value at the end of the period (million yen) (Note 3)
		Prospect Nihonbashikoamicho	840	0.3	750	1,360
		Park Terrace Ebisu	2,060	0.6	1,990	3,330
		Prospect Dogenzaka	1,590	0.5	1,556	2,500
		Prospect Glarsa Hiroo	3,560	1.1	3,174	5,290
		Prospect Hatsudai	518	0.2	488	719
		Prospect NishiSugamo	1,110	0.3	1,041	1,560
		Prospect Machiya	484	0.1	391	675
		Prospect KiyosumiTeien	2,630	0.8	2,426	4,060
		Prospect Morishita	1,260	0.4	1,121	1,770
		Prospect OnshiKoen	1,110	0.3	978	1,840
		BELNOS 34	1,700	0.5	1,756	2,910
		SK Residence	805	0.2	773	1,180
		Angel Heim Nishi-Rokugo No. 2	1,012	0.3	934	1,490
		Glana Ueno	1,100	0.3	1,048	1,720
		Lietocourt Asakusabashi	1,615	0.5	1,581	2,450
		Gran Casa ShinKoiwa	1,510	0.5	1,521	1,660
		Gran Casa Ryogoku Ichibankan	1,420	0.4	1,457	1,490
		Gran Casa Ryogoku Nibankan	770	0.2	795	825
		Gran Casa Bunkyo Sengoku	1,480	0.4	1,541	1,600
	Three major metropolitan areas	willDo Yokohama Minami	233	0.1	188	294
		willDo Kanayama masaki	490	0.1	389	634
		willDo Ichioka	722	0.2	606	728
		willDo Ebie	350	0.1	310	372
		willDo ImafukuNishi	413	0.1	339	421
		VISTA Supreme	563	0.2	483	510
		willDo Chiyoda	633	0.2	501	656
		willDo Taiko dori	1,120	0.3	1,007	1,410
		willDo Kanayama	370	0.1	299	439
		willDo Kanayama sawashita	375	0.1	300	461
		willDo Tsukamoto	730	0.2	630	905
		willDo Tanimachi	1,040	0.3	939	1,030
		willDo Namba w II	486	0.1	412	486
		willDo Namba w I	690	0.2	560	706
		willDo Kachigawa	503	0.2	393	735
		Stagea Kogane	600	0.2	483	625
		willDo Hamasaki dori	2,280	0.7	1,925	2,410
		willDo Minamimorimachi	493	0.1	454	549
		willDo Minami Urawa	396	0.1	349	472
		willDo Matsuyamachi	810	0.2	707	1,010
		willDo Higashibetsuin	703	0.2	563	774
		willDo ShinOsaka	861	0.3	746	1,100
		College Square Higashikurume	523	0.2	413	635
		willDo Matsubara	549	0.2	449	617
		willDo Sannomiya East	731	0.2	578	824
		willDo Kujo	537	0.2	501	623
		willDo Daikancho	655	0.2	538	659
		willDo Takabata	494	0.1	393	551
		Prospect MusashiShinjo	1,050	0.3	912	1,370
		Fragrance Kawasaki	548	0.2	464	751
		Prospect ChuoRinkan	524	0.2	423	709
		Prospect Nakanoshima	734	0.2	667	985
		Prospect Toyonaka Hattori	366	0.1	297	430
		Prospect Shimogamo	281	0.1	247	310
		Prospect Kawaramachi Gojo	583	0.2	503	720
		Gransys Esaka	1,260	0.4	1,192	1,780
		Serenite Koshien	2,550	0.8	2,334	3,160
		Pregio Miyakojima	1,610	0.5	1,537	1,940
		Serenite ShinOsaka Nibankan	3,510	1.1	3,431	4,090
		Gran Casa UmedaKita	2,050	0.6	2,003	2,470
		Serenite Honmachi Grande	4,286	1.3	4,057	5,790
		Gransys Tenmabashi	4,050	1.2	4,023	5,040
Rental housing	Three major metropolitan areas	DayGran Tsurumi	1,030	0.3	1,050	1,250
		Sakura Hills Riverside WEST	1,920	0.6	1,875	2,410

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		Sakura Hills Riverside EAST	1,030	0.3	1,008	1,270
		Sakura Hills Meieki NORTH	750	0.2	745	966
		Runai Nippombashi anhelo	1,400	0.4	1,404	1,820
		HS Umeda EAST	2,151	0.7	2,147	2,670
		Serenite Umeda EST	1,057	0.3	1,057	1,290
		Serenite Yuhigaoka EST	811	0.2	812	986
		Serenite Umeda Reflet	1,148	0.3	1,190	1,310
		Gran Casa Urayasu	886	0.3	947	921
		Gran Casa Chiyoda	959	0.3	997	996
		Gran Casa Nambamotomachi	5,820	1.8	6,274	6,270
		Gran Casa Ryokuchi Koen	2,600	0.8	2,711	2,780
		Sereno Omiya	1,554	0.5	1,649	2,090
		Suzuran-kan	441	0.1	389	684
		Bonheur Tokiwa	752	0.2	737	862
		Libest NishiChiba	2,152	0.7	1,887	2,680
		willDo Temmacho	627	0.2	536	845
		willDo NishiAkashi	635	0.2	551	869
		Libest Higashi Nakayama	1,371	0.4	1,172	1,810
		Stellato City Sakurayama	735	0.2	615	875
		La Vita Nippombashi	1,860	0.6	1,579	2,210
		willDo Kurokawa	677	0.2	517	695
		Deim Hashimoto	748	0.2	871	1,130
		Prospect Kawasaki	1,520	0.5	1,311	2,570
		Prospect UrawaTokiwa	717	0.2	691	1,060
		Gran Casa Daikancho	1,082	0.3	1,157	1,680
		Gran Casa Gokiso	932	0.3	950	1,580
		Crown Heim Nishi-Tanabe	405	0.1	414	528
		The Residence Honmoku Yokohama Bayside	5,550	1.7	5,010	7,840
		Lietocourt Marunouchi	3,756	1.1	3,565	5,520
		Gran Casa Kamimaezu	2,050	0.6	1,899	2,820
		Sakura Hills Fujimi	2,750	0.8	2,650	3,440
		Gran Casa Kitaurawa	2,490	0.8	2,560	2,580
		Gran Casa Fujisawa	1,000	0.3	1,097	1,060
	Other major cities	Satella Kita 34jo	1,133	0.3	987	1,340
		willDo Nakasu	2,460	0.7	2,231	2,840
		willDo Kamisugi 3chome	506	0.2	433	582
		willDo Okayamaeki Nishiguchi	1,220	0.4	931	1,430
		willDo Okayamadaiku	1,040	0.3	880	1,280
		Sky Hills N15	712	0.2	764	1,060
		Sky Hills Sakaemachi	832	0.3	855	1,000
		Dormy Chitose	476	0.1	483	529
		Sky Hills Takadai I	448	0.1	432	545
		West Park Hasekura	1,240	0.4	1,118	2,040
		Alpha Tower Sapporo Minami4jo	1,185	0.4	1,145	1,510
		Renaissance 21 Hakata	1,500	0.5	1,462	1,930
		Cresidence Sapporo Minami4jo	1,140	0.3	1,094	1,380
		Granpark Tenjin	4,698	1.4	4,585	6,560
		Forest Hill SendaiAoba	2,750	0.8	2,653	2,940
		Gran Casa Sendai Itsutsubashi	2,100	0.6	2,043	2,260
		Gran Casa NagayamaKoen Dori	1,002	0.3	1,145	1,110
		Gran Casa Minami11jo	830	0.3	849	932
		willDo Takasago	364	0.1	338	389
		Palais d'or Maruyama	559	0.2	582	1,140
		Gran Casa Urasando	1,510	0.5	1,545	1,980
		Gran Casa Kita3jo	1,265	0.4	1,280	1,610
		Chijikoukanmae Tower Residence	4,530	1.4	4,645	5,090
	Rental housing subtotal (total of 179 properties)		234,191	71.0	222,585	296,860

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Healthcare facilities	Three major metropolitan areas	Charm Suite Ryokuchi Koen	3,030	0.9	2,971	3,020
		Sompo Care LAVIERE Sagamihara Chuo	1,780	0.5	1,732	1,780
		Verger Hirakata	1,560	0.5	1,525	1,550
		Sawayaka Heart Life Nishikyogoku	1,130	0.3	1,102	1,130
		Sompo Care LAVIERE Kinugasayama Koen	2,000	0.6	1,944	2,000
		Super Court JR Nara-Ekimae	1,710	0.5	1,683	1,700
		La'nassica Arakogawa	1,400	0.4	1,358	1,400
		Minna-no-ie Chuo-ku En'nami	860	0.3	831	824
		Minna-no-ie Omiya Tsutsujigaoka Park	775	0.2	761	744
		Sompo no ie Nishitanabeekimae	737	0.2	723	704
		Irise Komae Bettei	1,319	0.4	1,350	1,330
		AIP Kachidoki-Ekimae	8,150	2.5	8,415	8,330
		PLAISANT GRAND MINAMI YUKIGAYA	3,380	1.0	3,482	3,380
		Aira no mori Higashi-Ofuna	2,271	0.7	2,363	2,550
		Aira no mori Shakujiikoen	2,070	0.6	2,142	2,260
		Aira no mori Edogawa-Shinozaki	1,499	0.5	1,554	1,600
		Senior Forest Yokohama-Tsuzuki	1,202	0.4	1,254	1,280
		Sompo no ie Toyonaka-Minamisone	825	0.3	862	834
		Good Time Living Center-Minami, Platesia Center-Minami	11,150	3.4	11,563	11,700
		Good Time Living Chibaminato-Kaigandori, Platesia Chibaminato	4,516	1.4	4,769	4,700
		Good Time Living Yokohama-Tsuzuki	4,064	1.2	4,213	4,080
		Good Time Living Senri-Hinatagaoka	2,800	0.8	2,922	2,850
		Good Time Living Nakamozu	2,180	0.7	2,276	2,200
		Good Time Living Kourigaoka	2,120	0.6	2,209	2,180
		Good Time Living Kameido	1,860	0.6	1,935	2,310
		Good Time Living Mikage	1,820	0.6	1,906	2,270
		Good Time Living Amagasaki-Shintoshin	1,585	0.5	1,637	1,670
		Good Time Living Minami Senri	1,430	0.4	1,480	1,510
		Good Time Living Kobe-Tarumi	1,370	0.4	1,448	1,390
		Good Time Living Chibaminato-Ekimaedori	1,320	0.4	1,400	1,560
		Good Time Living Senboku-Izumigaoka	980	0.3	1,042	1,030
		Good Time Living Ikeda-Midorigaoka	920	0.3	962	930
		Good Time Living Nagatsuta-Minamidai	850	0.3	887	837
		Good Time Living Saitama-Hasuda	659	0.2	704	667
		Good Time Living Nagareyama-Ichibankan	610	0.2	646	618
		Good Time Living Nagareyama-Nibankan	563	0.2	712	678
		Good Time Living Amagasaki-Ekimae	320	0.1	344	403
		Good Time Living Osaka Bay	4,700	1.4	4,949	4,820
		Sunny Life Hiyoshi	2,060	0.6	2,156	2,200
		Sunny Life Chofu	1,920	0.6	2,089	2,130
	Core city areas	Sompo Care LAVIERE Hiroshima Hikarigaoka	1,210	0.4	1,181	1,210
		Sawayaka Kaikyokan	899	0.3	858	897
		Sawayaka Meisuikan	813	0.2	782	810
		Nichii Care Center Fukushima Omori	337	0.1	326	336
		Sawayaka Hinodekan	896	0.3	873	894
		Sawayaka Obatake Sanbankan	349	0.1	335	341
		Sawayaka Riverside Kurinoki	306	0.1	296	305
		Silver Heights Hitsujigaoka No.3	1,330	0.4	1,315	1,310
		Alpha Living Okayama Nishigawa Ryokudokoen	789	0.2	766	742
		Alpha Living Okayama Korakuen	661	0.2	630	654
		Alpha Living Takamatsu Ekimae	642	0.2	622	631
		Alpha Living Takamatsu Hyakkenmachi	628	0.2	608	608
		Alpha Living Takamatsu Konyamachi	1,225	0.4	1,294	1,250
	Healthcare facilities subtotal (total of 53 properties)		95,581	29.0	98,212	99,137
Total (total of 232 properties)			329,772	100.0	320,797	395,997

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

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

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

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

(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, 2021, 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-Kaigandori, Platesia Chibaminato (Chiba city, Chiba)	Exterior wall renovation work Equipment replacement in exclusive areas	From October 2021 to March 2022	143	—	—
Charm Suite Ryokuchi Koen (Toyonaka city, Osaka)	Equipment replacement in common areas	From October 2021 to March 2022	28	—	—
Satella Kita 34jo (Sapporo city, Hokkaido)	Equipment replacement in common areas	From October 2021 to March 2022	25	—	—
Good Time Living Chibaminato-Ekimaedori (Chiba city, Chiba)	Equipment replacement in exclusive areas	From October 2021 to March 2022	22	—	—
TK Flats Shibuya (Shibuya-ku, Tokyo)	Equipment replacement in common areas	From October 2021 to March 2022	21	—	—

② Capital Expenditure during the Period under Review

Capital improvement construction expenditures made by the Investment Corporation during the 31st period for portfolio properties are as follows. Construction expenditures during the 31st period amounted to ¥476,756 thousand; construction-related costs amounted to ¥853,898 thousand when adding in repair expenses of ¥377,142 thousand during the fiscal period under review.

Property name (Location)	Description of works (purpose)	Period	Amount of payment (thousand yen)
Sky Hills N15 (Sapporo city, Hokkaido)	Common area renovation work	From April 2021 to September 2021	25,605
Gran Casa Daikancho (Nagoya city, Aichi)	Interior remodeling work, etc.	From April 2021 to September 2021	21,881
Super Court JR Nara-Ekimae (Nara city, Nara)	Interior remodeling work, etc.	From April 2021 to September 2021	21,780
Bonheur Tokiwa (Saitama city, Saitama)	Common area renovation work	From April 2021 to September 2021	18,344
Sereno Omiya (Saitama city, Saitama)	Interior remodeling work, etc.	From April 2021 to September 2021	16,657
Other properties	Common area renovation work	From April 2021 to September 2021	372,487
Total			476,756