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36th Fiscal Period Financial Report (REIT)

May 22, 2024

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: Tetsuo Akuzawa, Executive Officer
Asset Manager: Daiwa Real Estate Asset Management Co., Ltd.
Representative: Yoshiki Nishigaki, President and Chief Executive Officer
Inquiries: Kentaro Azumi, General Manager, Corporate Division TEL: +81-3-6757-9680

Scheduled date of submission of semiannual securities report: June 20, 2024
Scheduled date of commencement of distribution payment: June 14, 2024
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 36th Fiscal Period (from October 1, 2023 to March 31, 2024)

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

	Operating revenue		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
36th Fiscal period:	13,284	4.0	6,599	5.8	5,813	5.3	5,813	5.3
35th Fiscal period:	12,769	7.3	6,236	11.9	5,523	14.4	5,523	14.4

	Earnings per unit	Return on equity (ROE)	Ratio of ordinary income to total assets	Ratio of ordinary income to operating revenues
	Yen	%	%	%
36th Fiscal period:	2,425	3.2	1.5	43.8
35th Fiscal period:	2,442	3.2	1.5	43.3

(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	%	%
36th Fiscal period:	2,300	5,535	—	—	95.2	3.0
35th Fiscal period:	2,231	5,044	—	—	91.3	2.9

(Note 1) The source of funds for payment of distributions for the 35th fiscal period is the amount of unappropriated retained earnings after deducting reserve for dividends of ¥558 million and including reserve for temporary difference adjustments of ¥79 million, and thus it differs from profit.

(Note 2) The source of funds for payment of distributions for the 36th fiscal period is the amount of unappropriated retained earnings after deducting reserve for dividends of ¥356 million and including reserve for temporary difference adjustments of ¥79 million, and thus it differs from profit.

(Note 3) Dividend payout ratio for the 36th fiscal period is calculated by the following formula since issuance of new investment units was implemented.

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
36th Fiscal period:	399,467	187,118	46.8	77,743
35th Fiscal period:	367,532	171,996	46.8	76,074

(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
36th Fiscal period:	13,274	(48,684)	25,876	12,325
35th Fiscal period:	16,940	(4,052)	(4,973)	21,858

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2. Earnings Forecast for the 37th Fiscal Period (from April 1, 2024 to September 30, 2024) and the 38th Fiscal Period (from October 1, 2024 to March 31, 2025)

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

	Operating revenue		Operating profit		Ordinary profit		Profit		Distribution per unit (excluding distributions in excess of earnings)	Distribution in excess of earnings per unit
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen	Yen
37th period	12,637	(4.9)	5,934	(10.1)	5,031	(13.5)	5,030	(13.5)	2,300	—
38th Period	12,667	0.2	6,048	1.9	5,127	1.9	5,126	1.9	2,300	—

(Reference) Expected earnings per unit (37th fiscal period): ¥2,090; Expected earnings per unit (38th fiscal period): ¥2,130

(Note) The source of funds for payment of distributions for the 37th fiscal period is the amount of profit after adding reversal of reserve for temporary difference adjustments of ¥505 million and thus it differs from the amount of profit. The source of funds for payment of distributions for the 38th fiscal period is the amount of profit after adding reversal of reserve for temporary difference adjustments of ¥409 million and thus it differs from the amount of profit. For the details of earnings forecast above, please refer to "1. Management Status, (4) Earnings Outlook" later in this document.

* Other

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

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

(2) Total Number of Investment Units Issued and Outstanding

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

36th Fiscal Period	2,406,890 units	35th Fiscal Period	2,260,890 units

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

36th Fiscal Period	0 units	35th 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 27.

* 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 10.

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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 March 2024 consisted of 253 properties with a total acquisition price of ¥397,791 million and a total rentable floor area of 771,350.55 square meters.

(b) Investment Environment

During the fiscal period under review, the Japanese economy saw real GDP growth rate of 0.4% (annualized, quarter on quarter) in the October-December 2023 quarter, and expects to see real GDP growth rate of 0.5% (annualized, quarter on quarter) in the January-March 2024 quarter, showing a continuous positive growth albeit small. The improvement in the income environment due to lower inflation for personal consumption, strong corporate appetite for capital investment, and an accumulation of cash on hand are seen as background factors. On the other hand, there are many downside risk factors, particularly in overseas economies, such as concerns about the economic downturn in the U.S. and growing tensions in the Middle East and Ukraine, requiring close attention.

Rental residential properties owned by listed residential REITs enjoyed a relatively stable management environment as seen in their maintenance of stable occupancy rates when compared with other sectors. On the other hand, in the real estate investment market, with investor interest in the stable cash flows of rental residential properties staying robust even amid ongoing global interest hikes due to inflation and monetary tightening, competition for property acquisition by domestic and foreign investors continues to be severe. Furthermore, for healthcare facilities, social demand for private nursing homes and other facilities for the elderly is increasing year by year as the proportion of the elderly in the total population increases.

(c) Management Performance

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

a. Replacement of assets

In the fiscal period under review, the Investment Corporation acquired 16 rental housing (total acquisition price: ¥37,782 million) and 3 healthcare facilities (total acquisition price: ¥7,526 million).

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

Also, the Investment Corporation disposed of 4 properties (disposition price: ¥6,826 million) after comprehensively considering the future profitability potential, property size, location and such.

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<Acquired assets>

Property name	Property type	Acquisition date	Acquisition price (thousand yen) (Note)
L-Place Esaka II	Rental housing	October 3, 2023	2,820,000
Gran Casa Itabashihoncho			1,230,000
Gran Casa Ueno			970,000
Gran Casa Ojima		October 13, 2023	2,819,600
Gran Casa Edogawabashi			2,280,000
Gran Casa Mizonokuchi			2,241,000
PREGIO Namba		December 1, 2023	4,280,000
Gran Casa Minowa II			1,340,000
Serenite Hommachi Higashi Lien		February 1, 2024	3,670,000
Gran Casa Yotsuya			3,500,000
Gran Casa Minowa III			957,000
Gran Casa Ryogoku Verde			2,215,000
Gran Casa Nippori			1,640,000
Gran Casa Minowa IV		March 1, 2024	1,970,000
Gran Casa Kyotoekimae			1,510,000
Gran Casa Oji II			4,340,000
Library Nerima Yahara	Healthcare facilities	October 3, 2023	3,146,000
Library Shimura-sakaue			2,630,000
Sunny Life Kamakura Tamanawa			1,750,000
Total			45,308,600

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

<Disposed assets>

Property name	Property type	Disposition date	Disposition price (thousand yen) (Note 1)
Sky Hills Takadai I	Rental housing	October 2, 2023	6,826,000 (Note 2)
Colonnade Kasuga			
Gran Casa Daikancho		October 31, 2023	
Alpha Living Okayama Korakuen	Healthcare facilities	October 2, 2023	
Total			6,826,000

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

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

b. Continuing to strengthen overall operations

i. Strategy for managing rental housing

Daiwa Real Estate Asset Management Co., Ltd., the asset management company of the Investment Corporation (hereinafter the "Asset Manager"), used the Daily Occupancy Forecasting System and continued focus on a range of existing initiatives and other measures, the average occupancy rate during the period stood at 97.8% (97.8% 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 955 out of 1,295 contracts (the total number of new contracts) in the fiscal period under review. The percentage of contracts with higher rent (based on the number of contracts) was 73.7%. The percentage of change in rent at tenant turnover (based on rent) rose by 3.0% (an increase of 2.5% in the previous fiscal period), continuing an upward trend and contributing to higher revenues as in the previous fiscal period.

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As for expenses related to leasing business, the Asset Manager focused on a range of existing initiatives, including the reduction of repair expenses and expenses for work to restore properties to their original state through the High-Cost Construction Approval Committee.

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

(Existing initiatives)

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

ii. Strategy for managing healthcare facilities

In order for healthcare facilities to earn stable revenue and serve to maintain and enhance unitholder value, the Asset Manager monitors operators as it regards the creditworthiness, operational capabilities, etc. of the operators operating the facilities as important factors in realizing stable occupancy. In the fiscal period under review, monitoring of the impact of the occurrence of the cluster of COVID-19 is continued while interviews and such were conducted by visiting facilities and in the form of meetings with facility managers and head office staff using an online conferencing system. 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 of the end of the fiscal period under review.

As a result of the above, the average occupancy rate of healthcare facilities during the period was 99.5%.

c. Strengthening of financing

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

* The Investment Corporation conducted issuance of new investment units (payment date: October 12, 2023, number of investment units issued: 139,047 units, issue price per unit: ¥101,595, total issue value: ¥13,669 million), and used as part of funds for acquisition of 19 properties acquired on October 3, 2023, October 13, 2023, December 1, 2023, February 1, 2024, and March 1, 2024..
* The Investment Corporation conducted issuance of new investment units through third-party allotment (payment date: November 8, 2023, total issue value: ¥683 million), and reserved as cash on hand.
* On October 31, 2023, the Investment Corporation refinanced ¥200 million of the bank borrowings from existing financial institutions as the funds for repayment of the same amount for long-term borrowings due on the same day

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* On February 1, 2024, the Investment Corporation borrowed a total of ¥9,200 million as part of the funds for acquisition of properties acquired on October 3, 2023, October 13, 2023, December 1, 2023, February 1, 2024, and March 1, 2024.
* On March 1, 2024, the Investment Corporation borrowed a total of ¥7,400 million as part of funds for acquisition of the 19 properties above.
* On March 29, 2024, the Investment Corporation refinanced ¥11,540 million of the bank borrowings from existing transaction banks as the funds for repayment of the same amount in total for long-term borrowings due on the same day.

During the fiscal period under review, the Investment Corporation concluded interest-rate swap agreements to fix the interest rates payable on the floating-rate loans totaling ¥3,900 million in order to hedge against the future risk of rising interest rates.

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 91.1%, and the ratio of fixed interest rates came to 63.8% on a contract basis.

d. Sustainability initiatives

Based on the recognition that the emphasis on environmental, social and corporate governance practices (collectively called "ESG") in asset management contributes to the improvement of corporate value over the medium to long term, the Investment Corporation has promoted sustainability initiatives based on the sustainability policy established by the Asset Manager.

As for its environmental initiatives, the Investment Corporation is working to reduce the environmental impact of its portfolio through energy conservation and greenhouse gas emissions reduction by installing LEDs and other equipment with high energy-saving performance, as well as effective utilization of limited resources such as water conservation. Furthermore, a total of 26 properties owned by the Investment Corporation as of March 31, 2024, have obtained environmental certification (Note), and the ratio of certification is 19.73% (based on the total floor area of the entire portfolio).

Regarding social initiatives, the Investment Corporation is making efforts to improve tenant satisfaction and contribute to the sustainable development of local communities by building good relationships with external stakeholders related to its real estate held to collaborate with them. In order to further promote the supply of excellent healthcare facilities in Japan, as of March 31, 2024, the Investment Corporation borrowed through social loans (¥10,920 million) and issued social bonds (¥2,000 million) based on the Social Finance Framework formulated in May 2021.

As part of our governance initiatives, the Asset Manager ensures prevention of conflicts of interest, management of risks, and compliance with laws and regulations, and has introduced an asset management fee system linked to the results of management, emphasizing the linkage with unitholder interests. In addition, in October 2023, under the "General Business Owner Action Plan based on the Act on Advancement of Measures to Support Raising Next-Generation Children," the Asset Manager formulated an action plan to increase the ratio of male employees taking childcare leave to 100% and the number of days taken to 14 days or more, and to continue to increase the ratio of paid leave taken by all employees including managers to 70% or more.

The Investment Corporation has been continuously participating in the GRESB Real Estate Assessment since 2018 and received the "Green Star" assessment given to participants with excellent scores in the "Management Component" assessing policies and organizational structures for ESG promotion and the "Performance Component" assessing environmental performance and initiatives with tenants in properties owned in the 2023 GRESB Real Estate Assessment for two consecutive years. It also received two stars in the five-level GRESB rating for two consecutive years based on the global ranking of overall scores. Furthermore, for two consecutive years, the Investment Corporation received the highest rank of "A" in the five-level rating in the 2023 GRESB disclosure assessment measuring the level of ESG disclosure in recognition of its excellent disclosure related to environmental consideration and sustainability initiatives.

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

(d) Summary of Results and Distributions

As a result of the management initiatives described above, the Investment Corporation recorded operating revenue of ¥13,284 million, operating profit of ¥6,599 million, ordinary profit of ¥5,813 million and profit of ¥5,813 million in the fiscal period under review.

As for distributions, the Investment Corporation will distribute an amount derived by deducting reserve for dividends (¥356 million) for part of gain on sale of real estate properties, etc. from profit of ¥5,813 million, then adding reversal of reserve for temporary difference adjustments (¥79 million) to unappropriated retained earnings according to the existing policy.

As a result, total distributions came to ¥5,535 million in the fiscal period under review, and the distribution per unit was ¥2,300 (up ¥69 from the previous fiscal period).

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

② Outlook for the Next Fiscal Period

(a) Future Management Policy

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

a. External growth through acquisition of new properties

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

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

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

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

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

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

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

b. Continuing to strengthen overall operations

i. Strategy for managing rental housing

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

ii. Strategy for managing healthcare facilities

In order for healthcare facilities to earn stable revenue and serve to maintain and enhance unitholder value, the Asset Manager continues to monitor operators as it regards the creditworthiness, operational capabilities, etc. of the operators operating the facilities as important factors in realizing stable occupancy. In addition, in order to avoid a decline in revenue due to prolonged vacancy periods resulting from the termination of lease agreements with operators, the Investment Corporation concluded an agreement on the backup of operations with the respective operators of its assets (excluding some of them). We will continue to take a certain level of measures against infectious diseases and monitor the situation by visiting facilities and conducting interviews and such in the form of meetings with facility managers using an online conferencing system.

c. Financial strategy

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

d. Distributions strategy

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

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

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

(2) Investment Risk

Disclosure is omitted because there are no material changes from the statement in the most recent semiannual securities report (submitted on December 20, 2023. Subsequent corrections are included).

(3) Significant Events after the Closing of Accounts

Not applicable.

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(4) Earnings Outlook

The earnings outlook for the 37th fiscal period (from April 1, 2024 to September 30, 2024) and the 38th fiscal period (from October 1, 2024 to March 31, 2025) is as follows. For the preconditions for this earnings outlook, please refer to "Preconditions for Earnings Forecast for the 37th Fiscal Period (from April 1, 2024 to September 30, 2024) and the 38th Fiscal Period (from October 1, 2024 to March 31, 2025)" below.

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

	Operating revenue		Operating profit		Ordinary profit		Profit		Distribution per unit (excluding distribution in excess of earnings)	Total distributions in excess of earnings per unit
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen	Yen
37th period	12,637	(4.9)	5,934	(10.1)	5,031	(13.5)	5,030	(13.5)	2,300	—
38th period	12,667	0.2	6,048	1.9	5,127	1.9	5,126	1.9	2,300	—

(Reference) Expected earnings per unit (37th fiscal period): ¥2,090; Expected earnings per unit (38th fiscal period): ¥2,130

(Note) The source of funds for payment of distributions for the 37th fiscal period is the amount of profit after adding reversal of reserve for temporary difference adjustments of ¥505 million and thus it differs from the amount of profit. The source of funds for payment of distributions for the 38th fiscal period is the amount of profit after adding reversal of reserve for temporary difference adjustments of ¥409 million and thus it differs from the amount of profit.

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<Preconditions for Earnings Forecast for the 37th Fiscal Period (from April 1, 2024 to September 30, 2024) and the 38th Fiscal Period (from October 1, 2024 to March 31, 2025)>

Item	Preconditions
Dates	* 37th fiscal period: from April 1, 2024 to September 30, 2024 (183 days) * 38th fiscal period: from October 1, 2024 to March 31, 2025 (182 days)
Portfolio assets	* 253 properties of the real estate and real estate trust beneficiary interests owned by the Investment Corporation as of March 31, 2024 are assumed. * The Investment Corporation assumes that there will be no change in the portfolio assets through the end of the 38th fiscal period (March 31, 2025). In practice, however, assets under management are likely to change due to acquisitions or sales of other properties.
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 37th and 38th fiscal periods.
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 37th and 38th fiscal periods. * Of the expenses related to leasing business, which are major operating expenses, expenses other than depreciation are calculated based on past results as well as materials provided by the previous owners, etc. of the assets to be acquired and by reflecting fluctuation factors of the expenses. * Management fee is assumed to be ¥518 million for the 37th fiscal period and ¥519 million for the 38th fiscal period. * For the expenditures for repair of buildings, the amount required in the relevant fiscal period is estimated, and is assumed to be ¥503 million for the 37th fiscal period and ¥426 million for the 38th 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 ¥791 million for the 37th fiscal period and ¥791 million for the 38th 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 ¥2,698 million for the 37th fiscal period and ¥2,704 million for the 38th fiscal period.
Non-operating expenses	* Non-operating expenses are assumed to be ¥908 million for the 37th fiscal period and ¥927 million for the 38th fiscal period and consist of the following: (1) Interest expenses and interest expenses on investment corporation bonds of ¥714 million for the 37th fiscal period and ¥727 million for the 38th fiscal period (2) Borrowing-related expenses of ¥177 million for the 37th fiscal period and ¥183 million for the 38th fiscal period (3) No posting of investment unit issuance expenses is expected for the 37th and 38th fiscal periods (4) Amortization of investment corporation bond issuance costs of ¥12 million for the 37th fiscal period and ¥12 million for the 38th fiscal period (5) Other expenses of ¥3 million for the 37th fiscal period and ¥3 million for the 38th fiscal period
Interest-bearing debt	* The Investment Corporation has outstanding borrowings of ¥182,637 million and outstanding amount of investment corporation bonds issued of ¥22,100 million as of today. * It is assumed to refinance the entire amount of the bank borrowings of ¥7,250 million which is due during the 37th fiscal period. * It is assumed to refinance the entire amount of the bank borrowings of ¥10,900 million which is due during the 38th fiscal period. * As a result of the above, it is assumed that outstanding borrowings will be ¥182,637 million and the outstanding amount of investment corporation bonds issued will be ¥22,100 million as of the end of the 37th fiscal period and the end of the 38th fiscal period. * Interest-bearing debt ratio is expected to be 51.3% as of the end of the 37th fiscal period and the end of the 38th fiscal period. * The interest-bearing debt ratio in the forecast is calculated using the following formula. Interest-bearing debt ratio = (Total interest-bearing debt / Total assets) x 100
Total number of investment units issued and outstanding	* The total number of investment units issued and outstanding is 2,406,890 units as of today. * Afterward, it is assumed there will be no change to this through to the end of the 38th fiscal period.

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Item	Preconditions
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. * A total of ¥5,535 million (distribution per unit of ¥2,300), which is the amount obtained by adding the planned reversal of reserve for temporary difference adjustment of ¥505 million (¥209 per unit) to profit of ¥5,030 million (¥2,090 per unit), is assumed to be distributed for the 37th fiscal period. * A total of ¥5,535 million (distribution per unit of ¥2,300), which is the amount obtained by adding the planned reversal of reserve for temporary difference adjustment of ¥409 million (¥169 per unit) to profit of ¥5,126 million (¥2,130 per unit), is assumed to be distributed for the 38th 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)

	35th period (September 30, 2023)	36th period (March 31, 2024)
Assets		
Current assets		
Cash and deposits	18,701,170	8,774,889
Cash and deposits in trust	3,157,649	3,550,535
Operating accounts receivable	157,946	209,491
Prepaid expenses	336,816	395,374
Consumption taxes refund receivable	—	204,833
Other	388	74
Allowance for doubtful accounts	(9,511)	(10,652)
Total current assets	22,344,459	13,124,545
Non-current assets		
Property, plant and equipment		
Buildings	97,157,974	97,914,145
Accumulated depreciation	(28,402,546)	(28,965,741)
Buildings, net	68,755,428	68,948,403
Structures	521,733	534,336
Accumulated depreciation	(319,281)	(324,928)
Structures, net	202,452	209,408
Machinery and equipment	498,060	505,814
Accumulated depreciation	(305,617)	(314,873)
Machinery and equipment, net	192,442	190,940
Tools, furniture and fixtures	1,356,688	1,378,520
Accumulated depreciation	(813,165)	(844,108)
Tools, furniture and fixtures, net	543,523	534,412
Land	83,082,585	83,884,407
Construction in progress	7,249	1,034
Buildings in trust	94,380,079	109,113,046
Accumulated depreciation	(13,689,044)	(14,942,602)
Buildings in trust, net	80,691,034	94,170,444
Structures in trust	1,128,003	1,383,598
Accumulated depreciation	(257,683)	(286,428)
Structures in trust, net	870,320	1,097,169
Machinery and equipment in trust	129,396	135,401
Accumulated depreciation	(65,514)	(70,680)
Machinery and equipment in trust, net	63,882	64,721
Tools, furniture and fixtures in trust	537,592	619,423
Accumulated depreciation	(231,263)	(276,376)
Tools, furniture and fixtures in trust, net	306,328	343,047
Land in trust	108,649,572	132,752,027
Construction in progress in trust	4,796	3,861
Total property, plant and equipment	343,369,616	382,199,877
Intangible assets		
Leasehold interests in land	546,283	546,283
Land leasehold interests in trust	24,167	2,095,263
Trademark right	394	360
Total intangible assets	570,845	2,641,907

English Translation
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(Unit: thousand yen)

	35th period (September 30, 2023)	36th period (March 31, 2024)
Investments and other assets		
Leasehold and guarantee deposits	13,839	27,839
Long-term prepaid expenses	912,508	1,161,613
Derivatives	10,756	10,882
Reserve for repairs	220,046	223,013
Total investments and other assets	1,157,151	1,423,349
Total non-current assets	345,097,612	386,265,134
Deferred assets		
Investment corporation bond issuance costs	90,688	78,307
Total deferred assets	90,688	78,307
Total assets	367,532,760	399,467,987
Liabilities		
Current liabilities		
Operating accounts payable	615,602	840,353
Current portion of long-term borrowings	18,990,000	18,150,000
Accounts payable - other	36,368	37,764
Accrued expenses	973,159	1,017,740
Income taxes payable	605	605
Accrued consumption tax	396,451	74,748
Advances received	896,461	1,041,305
Other	27,899	10,176
Total current liabilities	21,936,547	21,172,693
Non-current liabilities		
Investment corporation bonds	22,100,000	22,100,000
Long-term borrowings	147,047,000	164,487,000
Leasehold and guarantee deposits received	1,027,164	984,206
Leasehold and guarantee deposits received in trust	3,306,477	3,485,359
Asset retirement obligations	119,488	119,815
Other	22	—
Total non-current liabilities	173,600,153	191,176,382
Total liabilities	195,536,700	212,349,075
Net assets		
Unitholders' equity		
Unitholders' capital	138,365,940	152,719,492
Surplus		
Capital surplus	20,620,242	20,620,242
Voluntary retained earnings		
Reserve for dividends	875,895	1,434,284
Reserve for temporary difference adjustments	*2 6,600,102	*2 6,520,790
Total voluntary retained earnings	7,475,998	7,955,074
Unappropriated retained earnings (undisposed loss)	5,523,121	5,813,220
Total surplus	33,619,362	34,388,537
Total unitholders' equity	171,985,303	187,108,029
Valuation and translation adjustments		
Deferred gains or losses on hedges	10,756	10,882
Total valuation and translation adjustments	10,756	10,882
Total net assets	*1 171,996,059	*1 187,118,912
Total liabilities and net assets	367,532,760	399,467,987

English Translation
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(2) Statement of Income

(Unit: thousand yen)

	35th period (from April 1, 2023 to September 30, 2023)	36th period (from October 1, 2023 to March 31, 2024)
Operating revenue		
Leasing business revenue	*1, *2 11,966,965	*1, *2 12,139,191
Gain on sale of real estate properties	*3 802,599	*3 1,144,834
Total operating revenue	12,769,564	13,284,026
Operating expenses		
Expenses related to leasing business	*1 5,121,322	*1 5,199,439
Asset management fees	933,000	953,700
Remuneration for directors (and other officers)	6,000	6,000
Asset custody fees	19,296	19,332
Administrative service fees	52,630	55,692
Audit fees	15,000	15,000
Provision of allowance for doubtful accounts	4,064	3,875
Other operating expenses	382,169	431,819
Total operating expenses	6,533,483	6,684,859
Operating profit	6,236,080	6,599,167
Non-operating income		
Interest income	12	12
Miscellaneous income	28,164	19,013
Total non-operating income	28,176	19,025
Non-operating expenses		
Interest expenses	500,142	521,103
Interest expenses on investment corporation bonds	66,598	66,064
Borrowing related expenses	157,528	169,133
Investment unit issuance expenses	—	31,804
Amortization of investment corporation bond issuance costs	12,380	12,380
Other	3,880	3,880
Total non-operating expenses	740,531	804,367
Ordinary profit	5,523,726	5,813,825
Profit before income taxes	5,523,726	5,813,825
Income taxes - current	605	605
Total income taxes	605	605
Profit	5,523,121	5,813,220
Unappropriated retained earnings (undisposed loss)	5,523,121	5,813,220

English Translation
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(3) Statement of Unitholders' Equity

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

(Unit: thousand yen)

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

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

English Translation
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36th period (from October 1, 2023 to March 31, 2024)

(Unit: thousand yen)

	Unitholders' equity							
	Unitholders' capital	Surplus						Total unitholders' equity
		Capital surplus	Voluntary retained earnings			Unappropriated retained earnings (undisposed loss)	Total surplus	
			Reserve for dividends	Reserve for temporary difference adjustments	Total voluntary retained earnings			
Balance at beginning of period	138,365,940	20,620,242	875,895	6,600,102	7,475,998	5,523,121	33,619,362	171,985,303
Changes during period								
Issuance of new investment units	14,353,552							14,353,552
Provision of reserve for dividends			558,388		558,388	(558,388)	—	—
Reversal of reserve for temporary difference adjustments				(79,312)	(79,312)	79,312	—	—
Dividends of surplus						(5,044,045)	(5,044,045)	(5,044,045)
Profit						5,813,220	5,813,220	5,813,220
Net changes in items other than unitholders' equity								
Total changes during period	14,353,552	—	558,388	(79,312)	479,075	290,098	769,174	15,122,726
Balance at end of period	152,719,492	20,620,242	1,434,284	6,520,790	7,955,074	5,813,220	34,388,537	187,108,029

	Valuation and translation adjustments		Total net asset
	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at beginning of period	10,756	10,756	171,996,059
Changes during period			
Issuance of new investment units			14,353,552
Provision of reserve for dividends			—
Reversal of reserve for temporary difference adjustments			—
Dividends of surplus			(5,044,045)
Profit			5,813,220
Net changes in items other than unitholders' equity	125	125	125
Total changes during period	125	125	15,122,852
Balance at end of period	10,882	10,882	187,118,912

English Translation
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(4) Statement of Cash Distributions

Item	35th period (from April 1, 2023 to September 30, 2023)	36th period (from October 1, 2023 to March 31, 2024)
I. Unappropriated retained earnings	¥5,523,121,492	¥5,813,220,230
II. Reversal of voluntary retained earnings		
Reversal of reserve for temporary difference adjustments	*1 ¥79,312,567	*1 ¥79,312,567
III. Amount of distributions	¥5,044,045,590	¥5,535,847,000
[Amount of distribution per investment unit]	[¥2,231]	[¥2,300]
IV. Voluntary retained earnings		
Provision of reserve for dividends	¥558,388,469	¥356,685,797
V. Retained earnings carried forward	—	—
Method for calculating the amount of distributions	The cash distribution policy set out in Article 15, Paragraph 1 of the Articles of Incorporation of the Investment Corporation stipulates that the amount of distributions shall exceed the amount equivalent to 90% of "earnings available for distribution" as provided for in Article 67-15 of the Special Taxation Measures Act. Based on this policy, the decision was made to distribute, as a distribution of earnings, ¥5,044,045,590, the maximum integral multiple of the 2,260,890 investment units issued and an amount not exceeding the amount obtained by subtracting ¥558,388,469 for provision of reserve for dividends, and adding ¥79,312,567 for reversal of reserve for temporary difference adjustments to ¥5,523,121,492 of unappropriated retained earnings. The cash distribution in excess of earnings set out in Article 15, Paragraph 3 of the Articles of Incorporation of the Investment Corporation will not take place.	The cash distribution policy set out in Article 15, Paragraph 1 of the Articles of Incorporation of the Investment Corporation stipulates that the amount of distributions shall exceed the amount equivalent to 90% of "earnings available for distribution" as provided for in Article 67-15 of the Special Taxation Measures Act. Based on this policy, the decision was made to distribute, as a distribution of earnings, ¥5,535,847,000, the maximum integral multiple of the 2,406,890 investment units issued and an amount not exceeding the amount obtained by subtracting ¥356,685,797 for provision of reserve for dividends, and adding ¥79,312,567 for reversal of reserve for temporary difference adjustments to ¥5,813,220,230 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)

	35th period (from April 1, 2023 to September 30, 2023)	36th period (from October 1, 2023 to March 31, 2024)
Cash flows from operating activities		
Profit before income taxes	5,523,726	5,813,825
Depreciation	2,601,505	2,641,087
Amortization of long-term prepaid expenses	128,494	131,594
Amortization of investment corporation bond issuance costs	12,380	12,380
Interest income	(12)	(12)
Interest expenses	500,142	521,103
Interest expenses on investment corporation bonds	66,598	66,064
Increase (decrease) in allowance for doubtful accounts	3,183	1,141
Decrease (increase) in operating accounts receivable	15,600	(51,544)
Decrease (increase) in prepaid expenses	1,907	(15,150)
Decrease (increase) in consumption taxes refund receivable	—	(204,833)
Increase (decrease) in operating accounts payable	(102,935)	191,319
Increase (decrease) in accrued consumption taxes	368,823	(321,703)
Increase (decrease) in accounts payable - other	9,404	1,479
Increase (decrease) in accrued expenses	139,173	(29,209)
Increase (decrease) in advances received	(32,377)	144,844
Decrease in property, plant and equipment due to sale	3,632,109	4,784,792
Decrease in property, plant and equipment in trust due to sale	4,715,792	600,887
Decrease in intangible assets in trust due to sales	38,764	—
Long-term prepaid expenses paid	(123,249)	(424,106)
Other	9,259	(6,943)
Subtotal	17,508,293	13,857,015
Interest received	12	12
Interest paid	(567,581)	(581,710)
Income taxes paid	(605)	(605)
Net cash provided by (used in) operating activities	16,940,119	13,274,712
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,668,064)	(7,078,609)
Purchase of property, plant and equipment in trust	(166,080)	(39,670,660)
Purchase of intangible assets in trust	—	(2,071,412)
Refund of leasehold and guarantee deposits received	(141,787)	(108,664)
Proceeds from leasehold and guarantee deposits received	99,490	65,707
Refund of leasehold and guarantee deposits received in trust	(212,708)	(48,051)
Proceeds from leasehold and guarantee deposits received in trust	36,754	226,933
Net cash provided by (used in) investing activities	(4,052,395)	(48,684,758)
Cash flows from financing activities		
Proceeds from long-term borrowings	8,800,000	28,340,000
Repayments of long-term borrowings	(8,800,000)	(11,740,000)
Proceeds from issuance of investment units	—	14,321,747
Distributions paid	(4,973,566)	(5,045,096)
Net cash provided by (used in) financing activities	(4,973,566)	25,876,650
Net increase (decrease) in cash and cash equivalents	7,914,157	(9,533,395)
Cash and cash equivalents at beginning of period	13,944,662	21,858,819
Cash and cash equivalents at end of period	*1 21,858,819	*1 12,325,424

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 and equipment (including trust accounts)

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

Buildings	1–70 years
Structures	4–60 years
Machinery and equipment	6–24 years
Tools, furniture and fixtures	2–21 years

② Intangible assets

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

③ Long-term prepaid expenses

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

2. Accounting for deferred assets

① Investment unit issuance expenses

The entire amount is expensed when incurred.

② Investment corporation bond issuance costs

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

3. Standards for recognition of allowances

Allowance for doubtful accounts

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

4. Standards for recognition of revenues and expenses

① Accounting for property tax, etc.

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

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

② Standards for recognition of revenues

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

a. Sale of real estate properties

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

b. Utilities reimbursement

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

English Translation
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5. Hedge accounting method

① Method of hedge accounting

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

② Hedging instruments and hedged items

Hedging instruments: Interest rate swap transactions

Hedged items: Interest on borrowings

③ Hedging policy

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

④ Method for assessing the effectiveness of hedging

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

6. Scope of funds on the Statement of Cash Flows

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

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

① Accounting for trust beneficiary interests in real estate

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

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

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

② Accounting for consumption taxes on non-current assets and deferred assets

Non-current assets and deferred assets are tax inclusive.

(8) Notes to Financial Statements

(Notes to Balance Sheet)

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

¥50,000 thousand

*2. Matters concerning provision and reversal of reserve for temporary difference adjustments

35th period (as of September 30, 2023)

(Unit: thousand yen)

	Initial amount	Balance at beginning of period	Provision during period	Reversal during period	Balance at end of period	Reason for provision/reversal
Reserve for dividends (Note 1)	6,733,122	5,595,267	—	133,392	5,461,875	Appropriation to the distribution
Part of the discrepancy between taxation and accounting in excess of earnings due to gain on bargain purchase (Note 2)	1,198,134	1,150,209	—	11,981	1,138,227	Appropriation to the distribution
Total	7,931,256	6,745,476	—	145,374	6,600,102	

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

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

36th period (as of March 31, 2024)

(Unit: thousand yen)

	Initial amount	Balance at beginning of period	Provision during period	Reversal during period	Balance at end of period	Reason for provision/reversal
Reserve for dividends (Note 1)	6,733,122	5,461,875	—	67,331	5,394,543	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	1,138,227	—	11,981	1,126,246	Appropriation to the distribution
Total	7,931,256	6,600,102	—	79,312	6,520,790	

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

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

(Notes to Statement of Income)

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

(Unit: thousand yen)

	35th period (from April 1, 2023 to September 30, 2023)	36th period (from October 1, 2023 to March 31, 2024)
A. Leasing business revenue		
Rent income	10,547,443	10,757,920
Common area charges	550,759	564,850
Parking revenue	311,846	309,970
Incidental revenue	112,746	101,097
Other leasing business revenue	444,169	405,352
Total	11,966,965	12,139,191
B. Expenses related to leasing business		
Management fees	500,867	515,365
Taxes	772,062	733,977
Utilities expenses	195,124	189,170
Repair expenses	558,459	529,418
Insurance expenses	33,316	38,403
Advertising expenses	279,122	351,873
Trust fees	27,181	30,014
Depreciation	2,601,471	2,641,053
Other expenses related to leasing business	153,717	170,161
Total	5,121,322	5,199,439
C. Net profit on operations of rental properties (A − B)	6,845,642	6,939,751

*2. Trading volume with major unitholders

(Unit: thousand yen)

	35th period (from April 1, 2023 to September 30, 2023)	36th period (from October 1, 2023 to March 31, 2024)
Trading volume through sales transactions		
Leasing business revenue	13,303	41,054

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

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

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

(Unit: thousand yen)

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

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

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

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

(Unit: thousand yen)

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

36th period (from October 1, 2023 to March 31, 2024)

(Unit: thousand yen)

Bulk transaction items (Note 1) (Note 2)	
Revenue from sale of real estate	6,832,190
Cost of sale of real estate	5,385,679
Other selling expenses	301,675
Gain on sale of real estate properties	1,144,834

(Note 1) Bulk transaction items are the following 4 properties.

Sky Hills Takadai I
Colonnade Kasuga
Alpha Living Okayama Korakuen
Gran Casa Daikancho

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

English Translation
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(Notes to Statement of Unitholders' Equity)

	35th period (from April 1, 2023 to September 30, 2023)	36th period (from October 1, 2023 to March 31, 2024)
Total number of investment units authorized and total number of investment units issued and outstanding		
Total number of investment units authorized	5,000,000 units	5,000,000 units
Total number of investment units issued and outstanding	2,260,890 units	2,406,890 units

(Notes to Statement of Cash Distributions)

*1. Reserve for temporary difference adjustments

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

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

Of the discrepancy between taxation and accounting in excess of earnings (refers to the discrepancy between taxation and accounting where the amount obtained by deducting the total amount of expenses, etc. from the total amount of revenues, etc. exceeds the amount obtained by deducting the amount of deductible expenses from the amount of gross profit) arising in the fiscal period ended September 2020, ¥1,198,134,568 is reserved as reserve for temporary difference adjustments. Starting from the fiscal period ended March 2021 (the fiscal year following the fiscal year in which the reserve was made), the Investment Corporation is required to reverse the amount equivalent to the averaged amount (¥11,981,346 or more) in each fiscal period within 50 years, and thus reversed ¥11,981,346 in the fiscal period ended September 2023.

36th period (from October 1, 2023 to March 31, 2024)

By application of the transitional measures stipulated in Paragraph 3 of Supplementary Provisions of Ordinance on Accountings of Investment Corporations (Cabinet Office Ordinance No. 27 of 2015), ¥6,733,122,069 of reserve for dividends that is the remaining balance of the amount subdivided into gain on bargain purchase recorded in prior fiscal years is reserved as reserve for temporary difference adjustments on the Statement of Cash Distributions for the fiscal period ended March 2017. Starting from the fiscal period ended September 2017 (the fiscal year following the fiscal year in which the reserve was made), the Investment Corporation is required to reverse the amount equivalent to the averaged amount for 50 years of the balance at the time of provision or more (¥67,331,221 or more) in each fiscal period, and thus reversed ¥67,331,221 in the fiscal period ended March 2024.

Of the discrepancy between taxation and accounting in excess of earnings (refers to the discrepancy between taxation and accounting where the amount obtained by deducting the total amount of expenses, etc. from the total amount of revenues, etc. exceeds the amount obtained by deducting the amount of deductible expenses from the amount of gross profit) arising in the fiscal period ended September 2020, ¥1,198,134,568 is reserved as reserve for temporary difference adjustments. Starting from the fiscal period ended March 2021 (the fiscal year following the fiscal year in which the reserve was made), the Investment Corporation is required to reverse the amount equivalent to the averaged amount (¥11,981,346 or more) in each fiscal period within 50 years, and thus reversed ¥11,981,346 in the fiscal period ended March 2024.

(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:

	35th period (from April 1, 2023 to September 30, 2023)	36th period (from October 1, 2023 to March 31, 2024)
Cash and deposits	¥18,701,170 thousand	¥8,774,889 thousand
Cash and deposits in trust	¥3,157,649 thousand	¥3,550,535 thousand
Cash and cash equivalents	¥21,858,819 thousand	¥12,325,424 thousand

English Translation
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(Notes on Related-Party Transactions)

1. Parent company, major corporate unitholder, etc.

Not applicable for the 35th period and 36th period.

2. Subsidiary, etc.

Not applicable for the 35th period and 36th period.

3. Fellow subsidiary, etc.

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

Not applicable.

36th period (from October 1, 2023 to March 31, 2024)

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 Realty Co. Ltd.	Chuo-ku, Tokyo	500,000	Real estate sales, investment, leasing and brokerage, etc.	—	Seller of real estate and real estate trust beneficiary interests	Purchase of real estate and real estate trust beneficiary interests (Note 6)	37,592,600	—	—
Subsidiary of major unitholder	G.K. Tokyo Residential 7 (Note 4)	Chuo-ku, Tokyo	400	Investment management	—	Seller of real estate trust beneficiary interests	Purchase of real estate trust beneficiary interests (Note 6)	2,820,000	—	—
Subsidiary of major unitholder	G.K. Tokyo Residential 9 (Note 5)	Minato-ku, Tokyo	200	Investment management	—	Seller of real estate trust beneficiary interests	Purchase of real estate trust beneficiary interests (Note 6)	3,146,000	—	—
Subsidiary of major unitholder	G.K. DA Healthcare 10 (Note 5)	Minato-ku, Tokyo	200	Investment management	—	Seller of real estate trust beneficiary interests	Purchase of real estate trust beneficiary interests (Note 6)	1,750,000	—	—

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

(Note 2) The terms and conditions of transactions with interested persons or other close affiliates were determined based on the internal rules on measures against conflicts of interest of the Asset Manager.

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

(Note 4) Dissolved on January 11, 2024, with the consent of all members.

(Note 5) Dissolved on November 28, 2023, with the consent of all members.

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

4. Director, major individual unitholder, etc.

Not applicable for the 35th period and 36th period.

English Translation
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(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)

			35th period (from April 1, 2023 to September 30, 2023)	36th period (from October 1, 2023 to March 31, 2024)
Rental residential properties	Carrying amount (Note 2)	Balance at the beginning of the period	350,855,729	343,928,021
		Net increase (decrease) during the period (Note 3) (Note 4)	(6,927,707)	40,908,507
		Balance at the end of the period	343,928,021	384,836,529
	Fair value at the end of the period (Note 5)		447,053,000	490,987,000

(Note 1) For a summary of the rental residential properties, please refer to "3. Reference Information; (1) Information on Price of Assets under Management" later in this document.

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

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

(Note 4) For the 36th period, major increase during the period was acquisition of 5 properties and real estate trust beneficiary interests in 14 real estate properties (¥48,056,259 thousand) and major decrease was sales of 3 properties and real estate trust beneficiary interests in 1 real estate property (¥5,385,679 thousand) and depreciation (¥2,641,053 thousand).

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

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

(Notes on Segment and Related Information)

[Segment information]

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

[Related information]

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

1. Information about products and services

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

2. Information about geographical areas

(1) Operating revenue

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

(2) Property, plant and equipment

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

3. Information about major customers

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

36th period (from October 1, 2023 to March 31, 2024)

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.

English Translation
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2. Information about geographical areas

(1) Operating revenue

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

(2) Property, plant and equipment

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

3. Information about major customers

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

(Notes on Per Unit Information)

	35th period (from April 1, 2023 to September 30, 2023)	36th period (from October 1, 2023 to March 31, 2024)
Net assets per unit	¥76,074	¥77,743
Earnings per unit	¥2,442	¥2,425

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:

	35th period (from April 1, 2023 to September 30, 2023)	36th period (from October 1, 2023 to March 31, 2024)
Profit (thousand yen)	5,523,121	5,813,220
Amount not attributable to common unitholders (thousand yen)	—	—
Profit attributable to common investment units (thousand yen)	5,523,121	5,813,220
Average number of investment units during the period (units)	2,260,890	2,397,088

(Notes on Significant Subsequent Events)

Not applicable.

(Omission of Disclosure)

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

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

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

Date	Description	Total number of investment units issued and outstanding (units)		Unitholders' capital (yen)		Notes
		Change	Total	Change	Total	
April 1, 2020	Merger	152,995	1,793,055	—	91,715,714,751	(Note 1)
April 1, 2020	Capital increase through third-party allotment	262,891	2,055,946	25,999,919,900	117,715,634,651	(Note 2)
December 4, 2020	Capital increase through public offering	72,000	2,127,946	6,090,192,000	123,805,826,651	(Note 3)
December 25, 2020	Capital increase through third-party allotment	3,600	2,131,546	304,509,600	124,110,336,251	(Note 4)
October 1, 2021	Capital increase through public offering	70,476	2,202,022	7,745,030,496	131,855,366,747	(Note 5)
October 20, 2021	Capital increase through third-party allotment	2,868	2,204,890	315,181,728	132,170,548,475	(Note 6)
October 3, 2022	Capital increase through public offering	53,333	2,258,223	5,900,336,456	138,070,884,931	(Note 7)
October 19, 2022	Capital increase through third-party allotment	2,667	2,260,890	295,055,544	138,365,940,475	(Note 8)
October 12, 2023	Capital increase through public offering	139,047	2,399,937	13,669,988,664	152,035,929,139	(Note 9)
November 8, 2023	Capital increase through third-party allotment	6,953	2,406,890	683,563,336	152,719,492,475	(Note 10)

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

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

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

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

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

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

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

(Note 8) The Investment Corporation issued new investment units through third-party allotment at an issue value of ¥110,632 per unit for the purpose of repaying part of borrowings and partly using to acquire specified assets in the future.

(Note 9) The Investment Corporation issued new investment units through public offering at an issue price of ¥101,595 (issue value of ¥98,312) per unit for the purpose of acquiring new properties.

(Note 10) The Investment Corporation issued new investment units through third-party allotment at an issue value of ¥98,312 per unit for the purpose of repaying part of borrowings and partly using to acquire specified assets in the future.

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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 the real estate in trust of real estate trust beneficiary interests (hereinafter "trust beneficiary interests") are for leasing to tenants. They are buildings—rental housing or healthcare facilities—and the sites of the buildings.

Asset type	Property type	Area classification	36th period (as of March 31, 2024)	
			Total amount held (million yen) (Note 3)	Ratio to total assets (%) (Note 4)
Real estate	Rental housing	23 wards of Tokyo	86,004	21.5
		Three major metropolitan areas (Note 1)	50,306	12.6
		Other major cities (Note 1)	18,002	4.5
	Healthcare facilities	Three major metropolitan areas (Note 2)	—	—
		Core city areas (Note 2)	—	—
		Other (Note 2)	—	—
	Subtotal		154,313	38.6
Trust beneficiary interest	Rental housing	23 wards of Tokyo	43,041	10.8
		Three major metropolitan areas (Note 1)	62,371	15.6
		Other major cities (Note 1)	13,315	3.3
	Healthcare facilities	Three major metropolitan areas (Note 2)	103,881	26.0
		Core city areas (Note 2)	7,913	2.0
		Other (Note 2)	—	—
	Subtotal		230,522	57.7
Deposits and other assets			14,631	3.7
Total assets			399,467	100.0

	36th period (as of March 31, 2024)	
	Amount (million yen)	Ratio to total assets (%) (Note 4)
Total liabilities (Note 5)	212,349	53.2
Total net assets (Note 5)	187,118	46.8
Total assets	399,467	100.0

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

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

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

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

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

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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 interests in real estate held by the Investment Corporation as of the end of the fiscal period.

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

Property type	Area classification	Property name	Acquisition price (million yen) (Note 1)	Investment ratio (%) (Note 2)	Carrying amount (million yen)	Appraisal value at the end of the period (million yen) (Note 3)
Rental housing	23 wards of Tokyo	willDo Kiyosumi	5,024	1.3	4,430	7,950
		Joy Oyamadai	624	0.2	680	773
		willDo Otsuka	725	0.2	721	877
		Toshin Shoto Mansion	912	0.2	949	1,160
		Harmony Kamikitazawa	400	0.1	387	440
		College Square KitaIkebukuro	727	0.2	593	813
		College Square TobuNerima	892	0.2	764	984
		College Square Akatsuka	734	0.2	598	846
		College Square Waseda II	215	0.1	177	317
		College Square Myogadani	1,060	0.3	949	1,530
		College Square Shinkoiwa	724	0.2	622	799
		College Square Kiba	639	0.2	520	856
		College Square Kinshicho	490	0.1	424	613
		College Square Waseda	316	0.1	287	427
		Lexington Square ShinjukuGyoen	1,010	0.3	1,005	1,460
		Prospect NihombashiHoncho	808	0.2	734	1,400
		Maison de Ville Takanawa Gyoranzaka	1,480	0.4	1,449	2,110
		Roppongi Rise House	912	0.2	850	1,450
		TK Flats Shibuya	4,770	1.2	4,336	7,200
		Maison de Ville NakaMeguro	1,050	0.3	1,006	1,830
		Prospect KALON Minowa	1,620	0.4	1,342	2,660
		Prospect Shinonomebashi	3,040	0.8	2,676	4,860
		Prospect Monzennakacho	1,080	0.3	969	1,610
		Prospect Ogikubo	701	0.2	607	1,040
		Exceria Ikebukuro West II	852	0.2	802	1,220
		Prospect OmoriKaigan	1,480	0.4	1,373	2,360
		Gala Place Shinjuku Gyoen	2,170	0.5	2,061	3,860
		Joyce Court	3,010	0.8	2,839	4,750
		Gran Casa Asakusa	1,216	0.3	1,128	2,300
		Gran Casa Roppongi	1,480	0.4	748	1,060
		Gran Casa MinamiAoyama	3,750	0.9	2,245	2,320
		Storia Jingumae	3,160	0.8	3,155	2,910
		Gran Casa Shinjuku Gyoen	2,525	0.6	2,438	4,430
		Lietocourt Yotsuya	1,716	0.4	1,692	2,810
		Lietocourt Motoakasaka	1,095	0.3	1,086	1,890
		Gran Casa Ginza East	2,000	0.5	1,973	2,790
		Gran Casa Minowa	850	0.2	818	1,110
		Gran Casa Honkomagome	1,500	0.4	1,567	1,900
		Gran Casa Nihonbashi Hamacho	930	0.2	982	1,020
		Gran Casa Magome I	602	0.2	640	653
		Gran Casa OmoriKaigan	1,119	0.3	1,188	1,130
		Gran Casa Uenoikenohata	1,420	0.4	1,468	1,650
		Gran Casa Sumiyoshi	1,140	0.3	1,214	1,300
		Gran Casa Uenoiriya	1,225	0.3	1,307	1,380
		Gran Casa Monzennakacho	780	0.2	816	917
		Gran Casa Magome II	700	0.2	726	778
		Gran Casa Itabashi EAST	955	0.2	987	1,040
		Gran Casa Kuramae	1,505	0.4	1,630	1,620
		Gran Casa Kiyosumishirakawa	1,775	0.4	1,876	1,990
		Gran Casa Hikifune	2,760	0.7	2,951	2,950
		Gran Casa Oji	1,150	0.3	1,213	1,230
		Gran Casa Ryogoku East	1,120	0.3	1,202	1,230
		Gran Casa Tabata	825	0.2	899	920
		Gran Casa Kinshicho	850	0.2	901	905
		Gran Casa Itabashihoncho	1,230	0.3	1,300	1,340
		Gran Casa Ueno	970	0.2	1,019	1,020
		Gran Casa Ojima	2,819	0.7	3,027	3,040
		Gran Casa Edogawabashi	2,280	0.6	2,375	2,480
		Gran Casa Minowa II	1,340	0.3	1,416	1,450
		Gran Casa Yotsuya	3,500	0.9	3,639	3,850
		Gran Casa Minowa III	957	0.2	1,017	1,040
		Gran Casa Minowa IV	1,970	0.5	2,081	2,120
		Profit Link Takenotsuka	636	0.2	615	764

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Property type	Area classification	Property name	Acquisition price (million yen) (Note 1)	Investment ratio (%) (Note 2)	Carrying amount (million yen)	Appraisal value at the end of the period (million yen) (Note 3)
Rental housing	23 wards of Tokyo	Dream Heights	358	0.1	368	566
		Green Hills Asukayama	587	0.1	574	760
		Oji Heights	347	0.1	329	606
		Sakagami Royal Heights No. II	360	0.1	330	527
		willDo Todoroki	1,764	0.4	1,729	2,050
		Greenhills Roka	662	0.2	701	806
		Lofty Hirai	324	0.1	316	398
		The Palms Yoyogi Uehara Cosmo Terrace	1,250	0.3	1,243	1,730
		Sun Terrace Yoyogi Uehara	1,180	0.3	1,238	1,860
		Prospect NihombashiKoamicho	840	0.2	720	1,530
		Park Terrace Ebisu	2,060	0.5	1,964	3,640
		Prospect Shibuya Dogenzaka	1,590	0.4	1,538	2,740
		Prospect Glarsa Hiroo	3,560	0.9	3,087	5,830
		Prospect Hatsudai	518	0.1	480	791
		Prospect NishiSugamo	1,110	0.3	1,007	1,800
		Prospect Machiya	484	0.1	372	742
		Prospect KiyosumiTeien	2,630	0.7	2,356	4,520
		Prospect Morishita	1,260	0.3	1,083	1,930
		Prospect OnshiKoen	1,110	0.3	935	1,970
		BELNOS 34	1,700	0.4	1,766	2,940
		SK Residence	805	0.2	763	1,280
		Angel Heim Nishi-Rokugo No. 2	1,012	0.3	982	1,580
		Glana Ueno	1,100	0.3	1,019	1,960
		Lietocourt Asakusabashi	1,615	0.4	1,543	2,690
		Gran Casa ShinKoiwa	1,510	0.4	1,465	1,730
		Gran Casa Ryogoku Ichibankan	1,420	0.4	1,413	1,580
		Gran Casa Ryogoku Nibankan	770	0.2	772	874
		Gran Casa Bunkyo Sengoku	1,480	0.4	1,512	1,750
		Gran Casa Minamisenju	1,159	0.3	1,251	1,350
		Gran Casa Ryogoku Verde	2,215	0.6	2,372	2,340
		Gran Casa Nippori	1,640	0.4	1,725	1,790
		Gran Casa Oji II	4,340	1.1	4,554	4,660
	Three major metropolitan areas	willDo Yokohama Minami	233	0.1	181	299
		willDo Kanayama masaki	490	0.1	366	611
		willDo Ichioka	722	0.2	583	742
		willDo Ebie	350	0.1	298	381
		willDo ImafukuNishi	413	0.1	324	448
		VISTA Supreme	563	0.1	466	554
		willDo Chiyoda	633	0.2	510	612
		willDo Taiko dori	1,120	0.3	960	1,390
		willDo Kanayama	370	0.1	282	400
		willDo Kanayama sawashita	375	0.1	283	424
		willDo Tsukamoto	730	0.2	602	915
		willDo Tanimachi	1,040	0.3	908	1,120
		willDo Namba w II	486	0.1	394	518
		willDo Namba w I	690	0.2	540	717
		willDo Kachigawa	503	0.1	371	708
		Stagea Kogane	600	0.2	456	596
		willDo Hamasaki dori	2,280	0.6	1,818	2,390
		willDo Minamimorimachi	493	0.1	438	560
		willDo Minami Urawa	396	0.1	339	504
		willDo Matsuyamachi	810	0.2	680	1,080
		willDo Higashibetsuin	703	0.2	529	744
		willDo ShinOsaka	861	0.2	704	1,170
		College Square Higashikurume	523	0.1	388	642
		willDo Matsubara	549	0.1	424	583
		willDo Sannomiya East	731	0.2	545	822
		willDo Kujo	537	0.1	508	690
		willDo Daikancho	655	0.2	510	602
		willDo Takabata	494	0.1	368	520
		Prospect MusashiShinjo	1,050	0.3	879	1,420
		Fragrance Kawasaki	548	0.1	447	825
		Prospect ChuoRinkan	524	0.1	406	745
		Prospect Nakanoshima	734	0.2	639	1,080
		Prospect Toyonaka Hattori	366	0.1	283	480
		Prospect Shimogamo	281	0.1	244	315
		Prospect Kawaramachi Gojo	583	0.1	490	746
		Gransys Esaka	1,260	0.3	1,139	1,880
		Serenite Koshien	2,550	0.6	2,250	3,400

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Property type	Area classification	Property name	Acquisition price (million yen) (Note 1)	Investment ratio (%) (Note 2)	Carrying amount (million yen)	Appraisal value at the end of the period (million yen) (Note 3)
Rental housing	Three major metropolitan areas	Pregio Miyakojima	1,610	0.4	1,462	2,070
		Serenite ShinOsaka Nibankan	3,510	0.9	3,242	4,410
		Gran Casa UmedaKita	2,050	0.5	1,917	2,720
		Serenite Honmachi Grande	4,286	1.1	3,865	6,370
		Gransys Tenmabashi	4,050	1.0	3,878	5,660
		DayGran Tsurumi	1,030	0.3	1,007	1,360
		Sakura Hills Riverside WEST	1,920	0.5	1,786	2,570
		Sakura Hills Riverside EAST	1,030	0.3	966	1,320
		Sakura Hills Meieki NORTH	750	0.2	715	1,030
		Runai Nippombashi anhelo	1,400	0.4	1,345	1,950
		HS Umeda EAST	2,151	0.5	2,056	2,930
		Serenite Umeda EST	1,057	0.3	1,008	1,450
		Serenite Yuhigaoka EST	811	0.2	777	1,080
		Serenite Umeda Reflet	1,148	0.3	1,164	1,470
		Gran Casa Urayasu	886	0.2	921	975
		Gran Casa Chiyoda	959	0.2	976	1,020
		Gran Casa Nambamotomachi	5,820	1.5	6,123	6,660
		Gran Casa Ryokuchi-koen	2,600	0.7	2,661	2,970
		Gran Casa Shin-Osaka SOUTH	4,310	1.1	4,569	4,820
		Serenite Nippombashi Prier	2,606	0.7	2,702	2,920
		Gran Casa Tennoji EAST	846	0.2	907	877
		Serenite Namba Plie	2,739	0.7	2,864	2,860
		L-Place Esaka II	2,820	0.7	2,966	2,880
		PREGIO Namba	4,280	1.1	4,621	4,400
		Serenite Hommachi Higashi Lien	3,670	0.9	3,847	3,780
		Gran Casa Kyotoekimae	1,510	0.4	1,660	1,600
		Sereno Omiya	1,554	0.4	1,607	2,160
		Suzuran-kan	441	0.1	411	691
		Bonheur Tokiwa	752	0.2	765	942
		Libest NishiChiba	2,152	0.5	1,790	2,960
		willDo Temmacho	627	0.2	514	862
		willDo NishiAkashi	635	0.2	537	919
		Libest Higashi Nakayama	1,371	0.3	1,139	1,920
		Stellato City Sakurayama	735	0.2	588	866
		La Vita Nippombashi	1,860	0.5	1,513	2,410
		willDo Kurokawa	677	0.2	489	677
		Deim Hashimoto	748	0.2	859	1,190
		Prospect Kawasaki	1,520	0.4	1,262	2,760
		Prospect UrawaTokiwa	717	0.2	670	1,110
		Crown Heim NishiTanabe	405	0.1	408	604
		The Residence Honmoku Yokohama Bayside	5,550	1.4	4,791	8,210
		Lietocourt Marunouchi	3,756	0.9	3,488	5,370
		Gran Casa Kamimaezu	2,050	0.5	1,810	2,850
		Sakura Hills Fujimi	2,750	0.7	2,516	3,500
		Gran Casa Kitaurawa	2,490	0.6	2,498	2,740
		Gran Casa Fujisawa	1,000	0.3	1,066	1,160
		Gran Casa Mizonokuchi	2,241	0.6	2,359	2,330
	Other major cities	Satella Kita 34jo	1,133	0.3	960	1,340
		willDo Nakasu	2,460	0.6	2,154	3,010
		willDo Kamisugi 3chome	506	0.1	408	557
		willDo Okayamaeki Nishiguchi	1,220	0.3	871	1,390
		willDo Okayamadaiku	1,040	0.3	825	1,220
		Sky Hills N15	712	0.2	739	1,070
		West Park Hasekura	1,240	0.3	1,084	2,030
		Alpha Tower Sapporo Minami4jo	1,185	0.3	1,072	1,610
		Renaissance 21 Hakata	1,500	0.4	1,388	2,140
		Cresidence Sapporo Minami4jo	1,140	0.3	1,026	1,450
		Granpark Tenjin	4,698	1.2	4,443	7,400
		Forest Hill SendaiAoba	2,750	0.7	2,527	2,930
		Gran Casa Sendai Itsutsubashi	2,100	0.5	1,936	2,300
		Gran Casa NagayamaKoen Dori	1,002	0.3	1,074	1,230
		Gran Casa Minami11jo	830	0.2	814	1,030
		Gran Casa Watanabe dori	668	0.2	730	725
		Gran Casa Minami6jo	1,610	0.4	1,771	1,720
		willDo Takasago	364	0.1	317	442
		Gran Casa Urasando	1,510	0.4	1,459	2,020
		Gran Casa Kita3jo	1,265	0.3	1,303	1,820
		Chijikoukanmae Tower Residence	4,530	1.1	4,407	5,470
	Rental housing subtotal (total of 200 properties)		287,689	72.3	273,041	371,772

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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)
Healthcare facilities	Three major metropolitan areas	Charm Suite Ryokuchi Koen	3,030	0.8	2,895	3,150
		Sompo Care LAVIERE Sagamihara Chuo	1,780	0.4	1,659	1,800
		Sawayaka Heart Life Nishikyogoku	1,130	0.3	1,061	1,220
		Sompo Care LAVIERE Kinugasayama Koen	2,000	0.5	1,868	2,130
		Super Court JR Nara-Ekimae	1,710	0.4	1,591	1,710
		La'nassica Arakogawa	1,400	0.4	1,290	1,450
		Sompo no ie Nishitanabeekimae	737	0.2	701	717
		Irise Komae Bettei	1,319	0.3	1,323	1,410
		AIP Kachidoki-Ekimae	8,150	2.0	8,280	9,000
		PLAISANT GRAND MINAMI YUKIGAYA	3,380	0.8	3,438	3,580
		Aira no mori Higashi-Ofuna	2,271	0.6	2,307	2,660
		Aira no mori Shakujiikoen	2,070	0.5	2,101	2,310
		Aira no mori Edogawa-Shinozaki	1,499	0.4	1,523	1,650
		Senior Forest Yokohama-Tsuzuki	1,202	0.3	1,222	1,310
		Good Time Living Center-Minami, Platesia Center-Minami	11,150	2.8	11,321	12,000
		Good Time Living Chibaminato-Kaigandori・Platesia Chibaminato	4,516	1.1	4,748	4,900
		Good Time Living Yokohama-Tsuzuki	4,064	1.0	4,206	4,060
		Good Time Living Senri-Hinatagaoka	2,800	0.7	2,848	3,150
		Good Time Living Nakamozu	2,180	0.5	2,213	2,420
		Good Time Living Kourigaoka	2,120	0.5	2,177	2,400
		Good Time Living Kameido	1,860	0.5	1,897	2,530
		Good Time Living Mikage	1,820	0.5	1,871	2,520
		Good Time Living Amagasaki-Shintoshin	1,585	0.4	1,617	1,850
		Good Time Living Minami Senri	1,430	0.4	1,473	1,660
		Good Time Living Kobe-Tarumi	1,370	0.3	1,415	1,520
		Good Time Living Chibaminato-Ekimaedori	1,320	0.3	1,441	1,580
		Good Time Living Senboku-Izumigaoka	980	0.2	1,036	1,100
		Good Time Living Ikeda-Midorigaoka	920	0.2	940	990
		Good Time Living Nagatsuta-Minamidai	850	0.2	868	799
		Good Time Living Saitama-Hasuda	659	0.2	687	679
		Good Time Living Nagareyama-Ichibankan	610	0.2	637	615
		Good Time Living Nagareyama-Nibankan	563	0.1	655	670
		Good Time Living Amagasaki-Ekimae	320	0.1	359	367
		Good Time Living Osaka-Bay	4,700	1.2	4,831	4,860
		Sunny Life Hiyoshi	2,060	0.5	2,110	2,280
		Sunny Life Chofu	1,920	0.5	2,032	2,200
		Charm Premier Kamakurayama	2,550	0.6	2,647	2,770
		As Heim Tsunashima	1,500	0.4	1,580	1,650
		Library ShinShibamata	1,405	0.4	1,468	1,540
		Ishinkan Kamiooka	933	0.2	995	1,060
		Sunny Life Shibaura	6,280	1.6	6,581	6,440
		Library Nerima Yahara	3,146	0.8	3,325	3,220
		Library Shimura-sakaue	2,630	0.7	2,758	2,780
		Sunny Life Kamakura Tamanawa	1,750	0.4	1,862	1,780
	Core city areas	Sompo Care LAVIERE Hiroshima Hikarigaoka	1,210	0.3	1,125	1,270
		Sawayaka Kaikyokan	899	0.2	790	991
		Sawayaka Meisuikan	813	0.2	735	900
		Sawayaka Hinodekan	896	0.2	835	926
		Silver Heights Hitsujigaoka No.3	1,330	0.3	1,281	1,380
		Alpha Living Okayama Nishigawa Ryokudokoen	789	0.2	729	740
		Alpha Living Takamatsu Ekimae	642	0.2	591	631
		Alpha Living Takamatsu Hyakkenmachi	628	0.2	581	620
		Alpha Living Takamatsu Konyamachi	1,225	0.3	1,241	1,270
	Healthcare facilities subtotal (total of 53 properties)		110,102	27.7	111,794	119,215
Total (total of 253 properties)			397,791	100.0	384,836	490,987

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

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

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

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(2) Status of Capital Expenditure

① Capital Expenditure Plan

The major capital expenditure items in association with planned repair work on properties under management as of March 31, 2024, 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-shi, Chiba)	Equipment replacement in common areas, etc.	From April 2024 To September 2024	101	—	—
Good Time Living Osaka-Bay (Osaka-shi, Osaka)	Exclusive area renovation work, etc.	From April 2024 To September 2024	86	—	—
Good Time Living Ikeda-Midorigaoka (Ikeda-shi, Osaka)	Equipment replacement in common areas, etc.	From April 2024 To September 2024	30	—	—
BELNOS 34 (Katsushika-ku, Tokyo)	Equipment replacement in common areas, etc.	From April 2024 To September 2024	30	—	—
Gran Casa Roppongi (Minato-ku, Tokyo)	Equipment replacement in common areas, etc.	From April 2024 To September 2024	20	—	—

② Capital Expenditure during the Period under Review

Capital improvement construction expenditures made by the Investment Corporation during the 36th period for portfolio properties are as follows. Construction expenditures during the 36th period amounted to ¥852 million; construction-related costs amounted to ¥1,382 million combined with repair expenses of ¥529 million during the 36th period.

Property name (Location)	Description of works (purpose)	Period	Amount of payment (million yen)
Good Time Living Chibaminato-Ekimaedori (Chiba-shi, Chiba)	Common area renovation work, etc.	From October 2023 To March 2024	76
BELNOS 34 (Katsushika-ku, Tokyo)	Exterior wall renovation work, etc.	From October 2023 To March 2024	57
Angel Heim Nishi-Rokugo No. 2 (Ota-ku, Tokyo)	Exterior wall renovation work, etc.	From October 2023 To March 2024	50
Granpark Tenjin (Fukuoka-shi, Fukuoka)	Common area renovation work, etc.	From October 2023 To March 2024	44
Good Time Living Yokohama-Tsuzuki (Yokohama-shi, Kanagawa)	Exterior wall renovation work, etc.	From October 2023 To March 2024	43
Other properties	Common area renovation work, etc.	From October 2023 To March 2024	579
Total			852