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REIT Financial Report for the 36th Fiscal Period

January 22, 2024

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 Stock Code No.: 8976 URL: <https://www.daiwa-office.co.jp/en>
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Scheduled date of start of distribution payments: February 15, 2024

Preparing presentation material: Yes

Holding financial brief meeting: Yes (for institutional investors and analysts)

[Amounts are rounded down to the nearest million yen, except for per unit figures]

1. Status of Management and Assets for the 36th Fiscal Period

36th Fiscal Period: Fiscal period ended November 2023 (from June 1, 2023 to November 30, 2023)

(1) Management Status

[% figures show the period-over-period increase (decrease)]

	Operating revenue		Operating income		Ordinary income		Net income	
36th Period	¥13,646 million	(9.3%)	¥6,747 million	(12.0%)	¥6,151 million	(13.4%)	¥6,192 million	(12.8%)
35th Period	¥15,050 million	8.3%	¥7,665 million	8.5%	¥7,100 million	9.3%	¥7,099 million	9.0%

	Net income per unit	Net income to unitholders' equity	Ordinary income to total assets	Ordinary income to operating revenue
36th Period	¥12,947	2.5%	1.3%	45.1%
35th Period	¥14,845	2.9%	1.5%	47.2%

(Note) Net income per unit is calculated using the following average number of investment units during the period.

36th Fiscal Period: 478,258 units; 35th Fiscal Period: 478,258 units

(2) Distributions

	Distribution amount per unit (excluding distribution amount in excess of earnings)	Total distribution amount (excluding distribution amount in excess of earnings)	Distribution amount in excess of earnings per unit	Total distribution amount in excess of earnings	Dividend payout	Distribution amount to net assets
36th Period	¥13,700	¥6,552 million	¥-	¥- million	105.8%	2.6%
35th Period	¥13,700	¥6,552 million	¥-	¥- million	92.3%	2.6%

(Note) Distribution amount per unit for the 36th Fiscal Period is calculated by dividing ¥6,552 million, the total distribution amount considering the reversal of part of internal reserves of ¥401 million (the sum total of ¥359 million of reserve for reduction entry and ¥41 million of deferred tax liabilities), by the total number of investment units issued and outstanding. The main difference between distribution amount per unit and net income per unit is due to the reversal of reserve for reduction entry.

Distribution amount per unit for the 35th Fiscal Period is calculated by dividing the entire amount remaining after deducting provision of reserve for reduction entry (¥547 million) from unappropriated retained earnings by the total number of investment units issued and outstanding. The main difference between distribution amount per unit and net income per unit is due to the calculation.

(3) Financial Position

	Total assets	Net assets	Unitholders' equity to total assets	Net assets per unit
36th Period	¥482,200 million	¥247,523 million	51.3%	¥517,551
35th Period	¥482,471 million	¥247,849 million	51.4%	¥518,232

(4) 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 end of period
36th Period	¥7,683 million	(¥2,224 million)	(¥6,551 million)	¥29,705 million
35th Period	¥14,888 million	(¥2,346 million)	(¥4,551 million)	¥30,798 million

2. Management Status Forecasts for the 37th Fiscal Period and Management Status for the 38th Fiscal Period

37th Fiscal Period: Fiscal period ending May 2024 (from December 1, 2023 to May 31, 2024)

38th Fiscal Period: Fiscal period ending November 2024 (from June 1, 2024 to November 30, 2024)

[% figures show the period-over-period increase (decrease)]

	Operating revenue		Operating income		Ordinary income		Net income	
37th Period	¥13,614 million	(0.2%)	¥6,818 million	1.0%	¥6,170 million	0.3%	¥6,169 million	(0.4%)
38th Period	¥13,876 million	1.9%	¥6,664 million	(2.3%)	¥5,931 million	(3.9%)	¥5,930 million	(3.9%)

	Distribution amount per unit (excluding distribution amount in excess of earnings)		Distribution amount in excess of earnings per unit	
37th Period		¥13,700		¥-
38th Period		¥6,850		¥-

(Reference) Estimated net income per unit for the 37th Fiscal Period: ¥12,900; 38th Fiscal Period: ¥6,200

(Note 1) Distribution amount per unit for the 37th Fiscal Period is calculated based on the assumption that the amount after adding reversal of reserve for reduction entry (¥382 million) to unappropriated retained earnings will be distributed. Reversal of reserve for reduction entry may change depending on the management status.

Distribution amount per unit for the 38th Fiscal Period is calculated based on the assumption that the amount after adding reversal of reserve for reduction entry (¥621 million) to unappropriated retained earnings will be distributed. Reversal of reserve for reduction entry may change depending on the management status.

(Note 2) The Investment Corporation plans to conduct a 2-for-1 investment unit split with May 31, 2024, as the record date and June 1, 2024, as the effective date. For the 38th Fiscal Period, the total number of investment units issued and outstanding is assumed to be 956,516 units, which is the number after the investment unit split.

3. Other

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

- (i) Changes in accounting policies due to amended accounting standards, etc.: None
- (ii) Changes in accounting policies other than (i): None
- (iii) Changes in accounting estimates: None
- (iv) Retrospective restatement: None

(2) Total number of investment units issued and outstanding

- (i) Total number of investment units issued and outstanding at end of period (including treasury units):
36th Period: 478,258 units 35th Period: 478,258 units
- (ii) Total number of treasury units at end of period:
36th Period: - units 35th Period: - units

(Note) Please refer to “Notes to Per Unit Information” on page 27 for the number of investment units used as the basis for calculating the net income per unit.

* This financial report (*kessan tanshin*) is exempt from the audit by a certified public accountant or an auditing company.

* Special note

The forecast figures are forward-looking statements based on information currently available to Daiwa Office Investment Corporation and involve uncertainties. Accordingly, the actual operating revenue, operating income, ordinary income, net income, distribution amount per unit and distribution amount in excess of earnings per unit may vary due to changes in the status. Moreover, the forecasts set forth herein should not be construed as a guarantee of distribution amounts. For details on the assumptions underlying the forecast figures above, please refer to “Assumptions for the Management Status Forecasts for the 37th Fiscal Period and 38th Fiscal Period” on page 9.

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1. Management Status

1.1. Management Status

1.1.1. Overview of the Fiscal Period Under Review

A. Brief History of the Investment Corporation

The Investment Corporation was established on July 11, 2005, in accordance with the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951; including amendments thereto) with Daiwa Real Estate Asset Management Co., Ltd. (former name K.K. daVinci Select) (the “Asset Manager”) as the organizer. After its establishment, the Investment Corporation implemented an additional issuance of investment units through a public offering (99,600 units) on October 18, 2005 and then listed on the Tokyo Stock Exchange, Inc. (TSE) Real Estate Investment Trust Section (stock code: 8976) on the following day.

Though initial assets under management were 79,573 million yen (sum total of acquisition price), subsequent activities, such as additional acquisition of properties and replacement of portfolio properties, resulted in the assets under management amounting to 462,586 million yen as of the last day of November 2023.

The Investment Corporation strives to secure stable revenue and sustained growth of the investment assets based on a clear portfolio development policy of specializing in investment in office buildings, with a particular focus on investment in a total floor area of more than about 2,000 m² situated in downtown Tokyo, as well as through dedicated efforts to heighten tenant satisfaction levels.

B. Investment Environment and Management Performance

a. Investment Environment

The Japanese economy during the fiscal period under review continued to recover moderately in the post-COVID 19 period albeit stagnation in some areas, such as the real GDP growth rate (Second Preliminary Estimates) for July to September 2023 showing a negative annualized growth rate of -2.9%. Meanwhile, there is risk of downward pressure on the Japanese economy from a slowdown in overseas economies, such as monetary policy trends among central banks around the world and concerns about China’s future economy, and there is the need to continue monitoring the impact of rising prices, situation in the Middle East, fluctuation in the financial and capital markets and other factors.

In the office building leasing market in central Tokyo, the average vacancy rate has hovered about 6% since June 2021, and was 6.03% as of the end of November 2023 (Miki Shoji’s average vacancy rate for the five central wards of Tokyo). Although there are some signs of demand recovery due to employees returning to offices and re-recognition of office functions, the situation remains unpredictable as conditions have yet to recover to pre-pandemic levels.

However, for the office building transaction market, the appetite for property acquisitions remained strong among real estate companies, funds (including J-REITs) and overseas investors with no material change made to the proactive lending attitude by financial institutions. Nevertheless, future developments warrant close monitoring.

b. Management Performance

In view of increasing the ordinary EPS (EPS (net income per unit) after deducting gain on sale from properties) over the medium to long term, the Investment Corporation continued to work on “external growth,” which aims to boost revenue through acquisition of properties, and “internal growth,” which aims to maximize income generating from owned properties.

Concerning external growth, no new acquisition or sale took place, and the Investment Corporation’s assets under management as of the end of the 36th Fiscal Period (November 30, 2023) totaled 58 properties, the sum total of acquisition prices of which amounted to 462,586 million yen. Alongside the acquisition of properties including future development projects, the Investment Corporation will pursue initiatives to enhance the quality of its portfolio.

Concerning internal growth, the Investment Corporation conducted proactive leasing, such as capturing needs for floor expansion within the same property through strengthening relationships with existing tenants and reinforcing collaboration with leasing brokers and property managers. Consequently, the occupancy rate as of the end of the 36th Fiscal Period (November 30, 2023) was 97.7%.

C. Overview of Capital Procurement

a. Procurement of Capital for Repayment of Borrowings

In the 36th Fiscal Period, the Investment Corporation made the following borrowings to repay borrowings.

- (i) The Investment Corporation took out a loan of 1,000 million yen from Tokio Marine & Nichido Fire Insurance Co., Ltd. on July 31, 2023, to fund the repayment of the same amount borrowed from the same company due for repayment on the same day.
- (ii) The Investment Corporation took out loans totaling 2,000 million yen from Resona Bank, Limited and Mizuho Trust & Banking Co., Ltd. on August 31, 2023, to fund the repayment of the same amount borrowed from the same two banks due for repayment on the same day.
- (iii) The Investment Corporation took out a loan of 2,000 million yen from Sumitomo Mitsui Banking Corporation on September 29, 2023, to prepay 2,000 million yen of short-terms loans payable from the same bank due for repayment on December 29, 2023.
- (iv) The Investment Corporation took out loans totaling 10,200 million yen from Sumitomo Mitsui Trust Bank, Limited, the Development Bank of Japan Inc., MUFG Bank, Ltd., Mizuho Bank, Ltd., SBI Shinsei Bank, Limited and Resona Bank, Limited on November 30, 2023, to fund the repayment of the same amount borrowed from the same six banks due for repayment on the same day.

The Investment Corporation concluded interest-rate swap agreements in the 36th Fiscal Period for 6,000 million yen of loans with floating interest rates. Converting the interest payable to fixed rates, these are for the purpose of hedging against future interest rate fluctuation risks.

b. Status of Interest-Bearing Liabilities at End of the Fiscal Period under Review

As a result of the above, the balance of interest-bearing liabilities outstanding as of the end of the 36th Fiscal Period (November 30, 2023) stood at 207,800 million yen in total (short-term loans payable: 500 million yen; long-term loans payable: 198,300 million yen; investment corporation bonds: 9,000 million yen). The balance of the current portion of long-term loans payable stood at 27,200 million yen, and that of investment corporation bonds stood at 3,800 million yen.

The average remaining period of interest-bearing liabilities as of the end of the 36th Fiscal Period stands at 4.1 years.

List of Borrowings in the 36th Fiscal Period

Lender	Loan amount (Millions of yen)	Drawdown date	Repayment date	Loan period (Years)
Tokio Marine & Nichido Fire Insurance Co., Ltd.	1,000	July 31, 2023	May 31, 2028	4.8
Mizuho Trust & Banking Co., Ltd.	1,000	August 31, 2023	August 29, 2031	8.0
Resona Bank, Limited	1,000	August 31, 2023	August 31, 2028	5.0
Sumitomo Mitsui Banking Corporation	2,000	September 29, 2023	August 29, 2031	7.9
Mizuho Bank, Ltd.	2,000	November 30, 2023	May 31, 2032	8.5
SBI Shinsei Bank, Limited	1,500	November 30, 2023	May 31, 2032	8.5
Mizuho Bank, Ltd.	500	November 30, 2023	May 31, 2032	8.5
Sumitomo Mitsui Trust Bank, Limited	1,500	November 30, 2023	November 28, 2031	8.0
Development Bank of Japan Inc.	1,700	November 30, 2023	November 30, 2028	5.0
Mizuho Bank, Ltd.	1,000	November 30, 2023	November 30, 2028	5.0
Resona Bank, Limited	1,500	November 30, 2023	May 31, 2028	4.5
MUFG Bank, Ltd.	500	November 30, 2023	November 29, 2024	1.0

Balance of Borrowings from Each Financial Institution (As of November 30, 2023)

Lender	End of the 36th Fiscal Period (Millions of yen)	Share (%) (Note)
Sumitomo Mitsui Banking Corporation	42,400	21.33
Sumitomo Mitsui Trust Bank, Limited	24,500	12.32
Development Bank of Japan Inc.	21,750	10.94
MUFG Bank, Ltd.	20,450	10.29
Mizuho Bank, Ltd.	19,400	9.76
SBI Shinsei Bank, Limited	14,500	7.29
Resona Bank, Limited	12,500	6.29
Mizuho Trust & Banking Co., Ltd.	9,500	4.78
The Bank of Fukuoka, Ltd.	6,500	3.27
Kansai Mirai Bank, Limited	5,000	2.52
The Nishi-Nippon City Bank Ltd.	3,000	1.51
The 77 Bank, Ltd.	3,000	1.51
The Norinchukin Bank	3,000	1.51
The Gunma Bank, Ltd.	2,500	1.26
The Musashino Bank, Ltd.	2,000	1.01
Tokio Marine & Nichido Fire Insurance Co., Ltd.	2,000	1.01
The Yamaguchi Bank, Ltd.	2,000	1.01
Nippon Life Insurance Company	1,300	0.65
The Hyakugo Bank, Ltd.	1,000	0.50
The Yamanashi Chuo Bank, Ltd.	1,000	0.50
Momiji Bank, Ltd.	1,000	0.50
Taiyo Life Insurance Company	300	0.15
Fukoku Mutual Life Insurance Company	200	0.10
Total	198,800	100.00

(Note) Share is rounded to two decimal places.

c. Rating Information

(As of November 30, 2023)

Credit rating agency	Rating	Outlook
Rating and Investment Information, Inc. (R&I)	AA-	Stable
Japan Credit Rating Agency, Ltd. (JCR)	AA	Stable

D. Sustainability Initiatives

The Investment Corporation recognizes that emphasizing ESG in asset management would contribute to the enhancement of corporate value over the medium to long term. With this in mind, the Investment Corporation takes into account the changes in various sustainability issues and the ever diversifying needs of stakeholders as it pursues sustainability initiatives in an organized manner.

As initiatives for the environment, efforts are being made to reduce the environmental load of the portfolio through energy saving and reduction of greenhouse gas emissions by installing/adopting highly energy-efficient LED lighting and other measures for reducing environmental load, and through the use of rainwater and reclaimed water and replacement with high-performance water-saving equipment for saving water, as well as other effective utilization of limited resources. In addition, as of the date of submission of this document, the total number of properties owned by the Investment Corporation that have obtained environmental certification (Note 1) is 33 properties and the ratio of such properties to the entire portfolio (based on total floor area of the portfolio properties) is 63.1%.

As initiatives for society, efforts are being made to heighten tenant satisfaction levels and contribute to the sustained development of local communities by coordinating and working together with the outside parties involved in the portfolio properties by forming favorable relationships with them. Initiatives are also taken to support pediatric medical care through the installation of donation vending machines at portfolio properties, donations to non-profit organizations and other organizations engaged in child abuse prevention activities, and to support people with disabilities through art displayed at the management companies..

As initiatives for corporate governance, the Asset Manager ensures thorough prevention of conflicts of interest, risk management and legal compliance, and adopts an asset management fee system that focuses on linking with unitholder interests and is linked to management results. Under the “General Business Owner Action Plans based on the Act on Advancement of Measures to Support Raising Next-Generation Children,” we drew up actions plans in October 2023 to achieve a 100% childcare leave usage rate for male employees with 14 days or longer of such leave period, and to maintain a 70% or higher paid holiday usage rate for all employees, including those in managerial positions.

The Investment Corporation has continued to participate in GRESB Real Estate Assessment since 2011, earning the rating of Green Star, which is awarded to participants excelling in both the “Management Component” (assessment of which includes the ESG promotion policy and organizational structure) and the “Performance Component” (assessment of which includes the portfolio properties’ environmental performance and initiatives with tenants), for 12 consecutive years in 2023. Furthermore, in the GRESB Rating, which assigns a rating out of five stars based on where the participant’s overall score ranks globally, the Investment Corporation earned the “4 Star.” Also, in the 2023 GRESB Public Disclosure assessment, which measures the comprehensiveness of ESG information disclosure, the Investment Corporation was assessed as providing outstanding information disclosure relating to environmental and sustainability initiatives, receiving the highest rating of “A” on the five-tiered evaluation scale for three consecutive years.

The Asset Manager established the “Climate Change and Resilience Policy” in December 2021 to promote the clarification of its policy and system on the initiatives for climate-related issues and the expansion of disclosure of the details of initiatives, and expressed its support for the Task Force on Climate-related Financial Disclosures (TCFD) recommendations (Note 2). In addition, it joined the TCFD consortium, a group of domestic companies that support TCFD recommendations, in January 2022. Based on the four items for which information disclosure is recommended in the TCFD recommendations (governance, strategy, risk management, and indicators and targets), a qualitative scenario analysis of business risks and opportunities in response to climate change has been conducted and disclosed on the Investment Corporation’s website.

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

(Note 2) The Task Force on Climate-related Financial Disclosure (TCFD) is an international initiative established by the Financial Stability Board (“FSB”) at the request of the G20 for the purpose of discussing the disclosures of climate-related financial information and the responses by financial institutions.

E. Overview of Financial Performance and Distributions

As a result of the management described above, the Investment Corporation posted financial performance for the 36th Fiscal Period of 13,646 million yen in operating revenue, 6,747 million yen in operating income, 6,151 million yen in ordinary income and 6,192 million yen in net income.

Concerning distributions, it is planned that the amount equivalent to distributions from earnings would be included in the amount of tax-deductible expenses based on application of special provisions for taxation of corporation tax (Article 67-15 of the Act on Special Measures Concerning Taxation (Act No. 26 of 1957; including amendments thereto) (the “Special Taxation Measures Act”). Accordingly, the Investment Corporation decided to distribute the entire amount after adding reversal of reserve for reduction entry (¥359,965,015) to unappropriated retained earnings, and declared a distribution amount per unit of 13,700 yen.

1.1.2. Outlook for the Next Fiscal Period

A. Investment Environment

The Japanese economy going forward is expected to see a moderate recovery, supported by movements such as improvement in employment and income conditions, as well as accommodative fiscal and monetary policies. On the other hand, attention should continue to be paid to downside risks of overseas economies, such as monetary policy trends among central banks around the world and concerns about China's future economy, while monitoring the impact of rising prices, situation in the Middle East, fluctuation in the financial and capital markets and other factors.

In the central Tokyo office building leasing market, demand recovery is expected centering on office buildings in highly competitive location due to employees returning to offices and re-recognition of office functions. However, the impact of a new supply of large-scale office buildings in central Tokyo expected in 2025 continue to warrant close monitoring. In addition, the impact on borrowing rates associated with interest rate hike warrant caution.

In the office building transaction market, backed by the favorable financing environment, interest rate differentials with overseas markets, yen depreciation, among other factors, the property acquisition appetite among overseas investors, real estate companies and funds (including J-REITs) is expected to remain strong. However, we will need to monitor how the market develops alongside changes in the socioeconomic situation.

B. Future Management Policy and Tasks

a. Strategy for Managing Existing Properties

As to macro trends for the office market, the vacancy rate in the overall market has still not made a turnaround, as many companies are adopting a hybrid work style of in-office and telecommuting, and it is expected that movement due to various needs such as downsizing, consolidation, expansion, and location improvement will continue. Although the Investment Corporation has been steadily acquiring solid new demand mainly from small and medium-sized companies, for the time being, it is striving to maintain occupancy rates by flexibly pursuing leasing within the current market scope, without adhering to the conventional strategy of targeting top rents. Given that office needs are likely to change by company as work-style and workplace diversify, the Investment Corporation considers that maintaining/improving competitiveness of buildings to qualify as prime offices that can increase the productivity of employees and accommodate needs of the times and environment will be the future issue, and is determined to continue carrying out operational management under the following policy.

(i) Maintain and raise occupancy rates

Concerning existing tenants, strive to reduce cancellation risks by improving the quality of buildings, equipment and management system. In addition, concerning new tenants, strive to maintain and raise occupancy rates through the provision of highly satisfactory services from gaining deeper understanding of tenant needs through proactive involvement in the market.

(ii) Maintain and raise profitability

Aim to secure stable revenue over the medium to long term through further strengthening good relationships with existing tenants, as well as proactively tapping the needs of new tenants by discerning the market environment.

(iii) Control operational management costs

Strive to control operational management costs based on maintaining office environments with high tenant satisfaction levels by implementing efficient operational management and reviewing systematic construction work through optimal leveraging of economies of scale achieved from proactively realizing external growth.

b. Strategy for New Property Investments

The Investment Corporation will invest in office buildings that have a total floor area of about 2,000 m² or more based on various external growth strategies, while maintaining a balance with the asset acquisition environment and financing situation. In principle, considerations will focus on Tokyo as the investment target area, but the Investment Corporation will also consider investing in competitive properties in cities other than Tokyo from a viewpoint of territorially-distributed investments.

As pipeline support, in addition to expanding the Asset Manager's own information-sourcing channels, the Investment Corporation will continue to search for properties that meet its investment criteria by proactively gathering real estate transaction market information through greater collaboration with the Sponsor Group and utilizing the Group's extensive network of clients, partners, etc.

During the previous fiscal period (35th Fiscal Period), the Investment Corporation concluded a purchase agreement to acquire S-GATE FIT Nihonbashi Bakurocho. (Planned acquisition price: 6,300 million yen) The agreement constitutes a forward commitment in which the scheduled property delivery date is to be March 29, 2024, or a date separately agreed upon by the Sellers and the Investment Corporation by the same date. With regard to the property, a real estate appraisal report by Japan Real Estate Institute with November 30, 2023, as the appraisal date has been obtained, and the appraisal value as of the date is 6,860 million yen.

In addition, development work on the Kandasudacho 2-Chome Development Project, which was acquired as a development site in December 2021, is in progress, and the developed and completed building is scheduled to be delivered by June 2024. The Investment Corporation will strive to acquire properties in accordance with the investment strategy described above, while continuing to carefully assess such development projects.

c. Financial Strategy

The Investment Corporation will conduct disciplined financial management of the following basic content.

- (i) Control leverage by keeping the ratio of interest-bearing liabilities to total assets (LTV) within the range of 40% to 50% at maximum, taking into consideration also the LTV, etc. based on appraisal value, as a principle.
- (ii) Diversify repayment deadlines, targeting 30.0 billion yen as the maximum amount of interest-bearing liabilities that shall become due during any single fiscal period as a principle.
- (iii) Aim to have long-term loans account for at least 70% of balance of loans as a principle.
- (iv) Achieve diversification of lenders, which shall mainly be Japanese financial institutions.
- (v) Pursuant to its fund management rules, maintain stability in its financial standing by managing necessary funds, such as the amount equivalent to distributions paid, separately from working capital.

C. Significant Subsequent Events

Investment Unit Split

At its board of directors' meeting held on January 22, 2024, the Investment Corporation made a resolution to split investment units as follows.

a. Purpose of the split

The purpose is to establish an environment facilitating investment by investors and to further expand the investor base and increase the liquidity of investment units by lowering the amount of investment per investment unit.

b. Method of the split

With May 31, 2024, as the record date, the Investment Corporation will conduct a 2-for-1 split of the Investment Corporation's investment units held by unitholders listed or recorded in the final unitholder registry as of the same day.

c. Number of investment units to increase by the split, etc.

- (i) Total number of the Investment Corporation's investment units issued and outstanding before the split : 478,258 units
- (ii) Total number of investment units to increase by the split : 478,258 units
- (iii) Total number of the Investment Corporation's investment units issued and outstanding after the split : 956,516 units
- (iv) Total number of investment units authorized by the Investment Corporation after the split : 4,000,000 units

d. Schedule of the split

- (i) Date of public notice of record date : Wednesday, May 15, 2024 (scheduled)
- (ii) Record date : Friday, May 31, 2024 (Note)
- (iii) Effective date : Saturday, June 1, 2024

(Note) The final trading day with rights at the Tokyo Stock Exchange is scheduled to be Wednesday, May 29, 2024.

e. Impact on the per unit information

Per unit information for the 36th Fiscal Period when assuming that the investment unit split was conducted at the beginning of the fiscal period is as follows.

- (i) Net assets per unit : 258,775 yen
- (ii) Net income per unit : 6,473 yen

(Reference information)

Acquisition of Assets

The Investment Corporation decided on the following acquisition of trust beneficiary interest in real estate on March 22, 2023.

Overview of the Acquired Asset

Asset name	S-GATE FIT Nihonbashi Bakurocho
Type of asset	Trust beneficiary interest in domestic real estate (Note 1)
Location	1-11-10 Nihonbashi-bakurocho, Chuo-ku, Tokyo
Acquisition price	6,300 million yen (excluding acquisition costs and consumption tax, etc.)
Date of conclusion of purchase agreement	March 22, 2023
Scheduled delivery date	March 29, 2024, or a date agreed upon separately by the Sellers and the Investment Corporation by the same date
Sellers	THE SANKEI BUILDING CO., LTD. and Mitsubishi Corporation Urban Development, Inc. (Note 2)

(Note 1) Trust beneficiary interest with trust assets primarily of compartmentalized ownership for a portion of the first floor and all of the second through eleventh floors of the property.

(Note 2) The Investment Corporation will acquire quasi co-ownership interest (55/100 of holdings) in trust beneficiary interest from THE SANKEI BUILDING CO., LTD. and quasi co-ownership interest (45/100 of holdings) in trust beneficiary interest from Mitsubishi Corporation Urban Development, Inc.

D. Outlook for Management Status

The Investment Corporation forecasts the following management status for the 37th Fiscal Period (fiscal period ending May 2024 (from December 1, 2023 to May 31, 2024)). For the assumptions underlying the management status forecasts, please refer to the “Assumptions for the Management Status Forecasts for the 37th Fiscal Period and 38th Fiscal Period” on page 9.

37th Fiscal Period (fiscal period ending May 2024 (from December 1, 2023 to May 31, 2024))

Operating revenue	13,614 million yen
Operating income	6,818 million yen
Ordinary income	6,170 million yen
Net income	6,169 million yen
Distribution amount per unit	13,700 yen
Distribution amount in excess of earnings per unit	— yen

In addition, on the basis that the “Assumptions for the Management Status Forecasts for the 37th Fiscal Period and 38th Fiscal Period” will remain unchanged, the Investment Corporation forecasts the following management status for the 38th Fiscal Period (fiscal period ending November 2024 (from June 1, 2024 to November 30, 2024)).

38th Fiscal Period (fiscal period ending November 2024 (from June 1, 2024 to November 30, 2024))

Operating revenue	13,876 million yen
Operating income	6,664 million yen
Ordinary income	5,931 million yen
Net income	5,930 million yen
Distribution amount per unit	6,850 yen
Distribution amount in excess of earnings per unit	— yen

(Note) The forecast figures above are the current forecasts calculated based on certain assumptions. Accordingly, the actual operating revenue, operating income, ordinary income, net income, distribution amount per unit and distribution amount in excess of earnings per unit may vary due to changes in the status. Moreover, the forecasts set forth herein should not be construed as a guarantee of distribution amounts.

Assumptions for the Management Status Forecasts for the 37th Fiscal Period and 38th Fiscal Period

Item	Assumptions
Assets under management	<ul style="list-style-type: none"> 37th Fiscal Period: Assets under management are assumed to be the 58 properties owned as of November 30, 2023, plus “S-GATE FIT Nihonbashi Bakurocho” planned to be acquired on or before March 29, 2024, to total 59 properties. 38th Fiscal Period: As to the properties mentioned above, it is assumed that the building of the Kandasudacho 2-Chome Development Project (scheduled for June 2024) is completed. The actual number of properties may vary due to changes in the assets under management other than above.
Operating revenue	<ul style="list-style-type: none"> Rent revenue from existing properties is calculated based on historical data and taking into account variable factors. It is assumed that there will be no gain or loss on sale of real estate properties.
Operating expenses	<ul style="list-style-type: none"> Expenses related to rent business, which constitute a major component of operating expenses, are calculated based on historical data and taking into account variable factors. Repair expenses for buildings are recorded as expenses in the amount expected to be necessary in the respective fiscal periods based on the medium- to long-term repair plan established by the Asset Manager. Operating income from property leasing (excluding gain on sale from real estate properties) after deducting expenses related to rent business (including depreciation) is expected to be 8,168 million yen in the 37th Fiscal Period and 8,038 million yen in the 38th Fiscal Period. Consignment expenses are expected to be 1,025 million yen in the 37th Fiscal Period and 1,046 million yen in the 38th Fiscal Period. Taxes and dues (fixed property tax, city planning tax, etc.) are expected to be 1,205 million yen in the 37th Fiscal Period and 1,265 million yen in the 38th Fiscal Period. While, in general, fixed property tax, city planning tax, etc. in the transaction of real estate, etc. are calculated on a pro rata basis and reimbursed at the time of acquisition with the current owner, but for the Investment Corporation, the amount equivalent to the reimbursement is included in the cost of acquisition and thus it is not recognized as expenses in the period of acquisition of properties. As such, fixed property tax, city planning tax, etc. for properties acquired will be recorded as expenses starting from the fiscal year following the acquisition year. Depreciation is expected to be 1,824 million yen in the 37th Fiscal Period and 1,924 million yen in the 38th Fiscal Period.
Non-operating expenses	<ul style="list-style-type: none"> Non-operating expenses in the 37th Fiscal Period are expected to be 647 million yen, of which the interest expenses, interest expenses on investment corporation bonds, and borrowing related expenses are expected to be 635 million yen. Non-operating expenses in the 38th Fiscal Period are expected to be 732 million yen, of which the interest expenses, interest expenses on investment corporation bonds, and borrowing related expenses are expected to be 720 million yen.
Interest-bearing liabilities	<ul style="list-style-type: none"> The total amount of interest-bearing liabilities is assumed to be 214,600 million yen at the end of the 37th Fiscal Period and 219,100 million yen at the end of the 38th Fiscal Period. In the 37th Fiscal Period, it is assumed that new borrowings of 6,800 million yen is to be allocated mainly to funds used for the acquisition of S-GATE FIT Nihonbashi Bakurocho announced on March 22, 2023, and it is assumed that the entire amount of borrowings due for repayment on February 29, 2024 (4,000 million yen), March 29, 2024 (1,900 million yen) and May 31, 2024 (6,500 million yen) is refinanced. In the 38th Fiscal Period, it is assumed that new borrowings of 4,500 million yen is to be allocated mainly to funds used for the acquisition of the Kandasudacho 2-Chome Development Project announced on October 20, 2021, and it is assumed that the entire amount of borrowings due for repayment on August 30, 2024 (5,500 million yen), September 30, 2024 (1,000 million yen) and November 29, 2024 (8,800 million yen), the Fourth Series of Unsecured Investment Corporation Bonds (2,100 million yen) and the Fifth Series of Unsecured Investment Corporation Bonds (1,700 million yen) due for redemption on September 12, 2024 is refinanced.
Total number of investment units issued and outstanding	<ul style="list-style-type: none"> In the 37th Fiscal Period, the total number of investment units issued and outstanding is assumed to be the 478,258 units as of November 30, 2023. In the 38th Fiscal Period, the total number of investment units issued and outstanding is assumed to be 956,516 units, which is the number for the 37th Fiscal Period stated above plus the number to be increased (478,258 units) through the investment unit split resolved at its board of directors' meeting held on January 22, 2024. For details, please refer to “Notice Concerning Investment Unit Split and Partial Amendment of Articles of Incorporation” announced on the same day. It is assumed that there are no changes to the number of investment units other than stated above until the end of the 38th Fiscal Period through the issuance of new investment units, etc.

Item	Assumptions
Distribution amount per unit	<ul style="list-style-type: none"> • The distribution amount per unit is calculated based on the cash distribution policy as set out in the articles of incorporation of the Investment Corporation. • The distribution amount per unit for the 37th Fiscal Period is based on the assumption that part (382 million yen) of the reserve for reduction entry retained as internal reserves will be reversed and distributed. Reversal of reserve for reduction entry may change depending on the management status. • The distribution amount per unit for the 38th Fiscal Period is based on the assumption that part (621 million yen) of the reserve for reduction entry retained as internal reserves will be reversed and distributed. Reversal of reserve for reduction entry may change depending on the management status. • The distribution amount per unit may vary depending on a variety of factors, such as changes in the assets under management, changes in the rent revenue due to tenant changes and other causes, and incurrence of unforeseen repairs.
Distribution amount in excess of earnings per unit	<ul style="list-style-type: none"> • At present, there is no plan to make any distribution in excess of earnings (distribution amount in excess of earnings per unit).
Other	<ul style="list-style-type: none"> • It is assumed that there are no changes to laws and ordinances, the tax system, accounting standards, the rules of Tokyo Stock Exchange, Inc. and the regulations of The Investment Trusts Association, Japan, etc. that will affect the abovementioned forecast figures. • It is assumed that there will be no major unforeseen changes in general economic trends, real estate market conditions, etc.

1.2 Investment Risks

Disclosure is omitted because there are no significant changes from the “Part I: Fund Information; Section 1: Fund Status; 3. Investment Risks” set out in the most recent periodic securities report (*yuka shoken hokokusho*) (submitted on August 22, 2023).

2. Financial Statements

2.1. Balance Sheets

(Unit: Thousands of yen)

	35th Fiscal Period [As of May 31, 2023]		36th Fiscal Period [As of November 30, 2023]	
Assets				
Current assets				
Cash and deposits		27,028,187		25,875,644
Cash and deposits in trust		3,770,101		3,829,727
Operating accounts receivable		94,142		95,994
Prepaid expenses		376,529		390,865
Other		34,818		48,778
Total current assets		<u>31,303,779</u>		<u>30,241,010</u>
Noncurrent assets				
Property, plant and equipment				
Buildings		3,643,891		3,645,141
Accumulated depreciation		(2,880,162)		(2,932,110)
Buildings, net		<u>763,729</u>		<u>713,031</u>
Structures		14,344		14,344
Accumulated depreciation		(10,095)		(10,518)
Structures, net		<u>4,248</u>		<u>3,825</u>
Tools, furniture and fixtures		21,875		21,875
Accumulated depreciation		(19,030)		(19,830)
Tools, furniture and fixtures, net		<u>2,845</u>		<u>2,044</u>
Land		12,302,226		12,302,226
Construction in progress		-		88
Buildings in trust		110,662,774		111,569,222
Accumulated depreciation		(34,106,637)		(35,773,849)
Buildings in trust, net	*1, *2	<u>76,556,136</u>	*1, *2	<u>75,795,373</u>
Structures in trust		779,771		781,438
Accumulated depreciation		(257,729)		(268,912)
Structures in trust, net	*2	<u>522,041</u>	*2	<u>512,526</u>
Machinery and equipment in trust		965,276		1,027,501
Accumulated depreciation		(574,656)		(611,138)
Machinery and equipment in trust, net		<u>390,620</u>		<u>416,362</u>
Tools, furniture and fixtures in trust		432,907		456,163
Accumulated depreciation		(261,146)		(280,798)
Tools, furniture and fixtures in trust, net		<u>171,761</u>		<u>175,364</u>
Land in trust	*2	<u>354,910,042</u>	*2	<u>354,910,042</u>
Construction in progress in trust		912,793		2,381,246
Total property, plant and equipment		<u>446,536,446</u>		<u>447,212,133</u>
Intangible assets				
Leasehold rights		2,398,275		2,398,275
Leasehold rights in trust		306,884		306,884
Other		8,441		16,386
Total intangible assets		<u>2,713,601</u>		<u>2,721,546</u>

(Unit: Thousands of yen)

	35th Fiscal Period [As of May 31, 2023]	36th Fiscal Period [As of November 30, 2023]
Investments and other assets		
Leasehold and guarantee deposits in trust	113,684	113,684
Long-term prepaid expenses	1,308,489	1,326,510
Derivatives	353,911	445,563
Other	106,846	111,081
Total investments and other assets	1,882,931	1,996,840
Total noncurrent assets	451,132,980	451,930,520
Deferred assets		
Investment corporation bonds issuance costs	34,322	29,291
Total deferred assets	34,322	29,291
Total assets	482,471,082	482,200,822
Liabilities		
Current liabilities		
Operating accounts payable	1,261,162	1,286,974
Short-term loans payable	2,000,000	500,000
Current portion of investment corporation bonds	-	3,800,000
Current portion of long-term loans payable	25,600,000	27,200,000
Accounts payable – other	584,998	574,378
Income taxes payable	880	880
Accrued consumption taxes	395,300	277,129
Advances received	2,273,087	2,307,530
Other	502,682	688,158
Total current liabilities	32,618,110	36,635,051
Noncurrent liabilities		
Investment corporation bonds	9,000,000	5,200,000
Long-term loans payable	171,200,000	171,100,000
Tenant leasehold and security deposits	19,658,273	19,534,312
Tenant leasehold and security deposits in trust	1,987,928	2,025,026
Deferred tax liabilities	149,977	124,083
Derivatives liabilities	7,722	59,196
Total noncurrent liabilities	202,003,901	198,042,617
Total liabilities	234,622,012	234,677,669
Net Assets		
Unitholders' equity		
Unitholders' capital	251,551,759	251,551,759
Deduction from unitholders' capital	*4 (13,457,770)	*4 (13,457,770)
Unitholders' capital, net	238,093,989	238,093,989
Surplus		
Voluntary retained earnings		
Reserve for reduction entry	2,419,008	2,966,633
Total voluntary retained earnings	2,419,008	2,966,633
Unappropriated retained earnings (undisposed loss)	7,099,759	6,192,169
Total surplus	9,518,767	9,158,802
Total unitholders' equity	247,612,756	247,252,791
Valuation and translation adjustments		
Deferred gains or losses on hedges	236,313	270,361
Total valuation and translation adjustments	236,313	270,361
Total net assets	*5 247,849,070	*5 247,523,153
Total liabilities and net assets	482,471,082	482,200,822

2.2. Statements of Income

(Unit: Thousands of yen)

	35th Fiscal Period [From: Dec. 1, 2022 To: May 31, 2023]		36th Fiscal Period [From: June 1, 2023 To: Nov. 30, 2023]	
Operating revenue				
Rent revenue – real estate	*1	13,503,773	*1	13,604,055
Other lease business revenue	*1	27,545	*1	42,173
Gain on sales of real estate properties	*2	1,519,036		-
Total operating revenue		15,050,355		13,646,229
Operating expenses				
Expenses related to rent business	*1	5,987,987	*1	5,559,019
Asset management fees		1,148,882		1,120,650
Asset custody fees		24,084		24,048
Administrative service fees		72,437		72,785
Trust fees		18,577		17,654
Directors' compensation		7,200		7,200
Other operating expenses		125,604		96,895
Total operating expenses		7,384,774		6,898,253
Operating income		7,665,581		6,747,975
Non-operating income				
Interest income		14		15
Reversal of distribution payable		1,072		693
Insurance income		13,800		99
Miscellaneous income		318		0
Total non-operating income		15,207		808
Non-operating expenses				
Interest expenses		401,671		414,549
Interest expenses on investment corporation bonds		26,328		26,041
Borrowing expenses		140,634		144,541
Other		11,513		12,123
Total non-operating expenses		580,147		597,255
Ordinary income		7,100,640		6,151,529
Income before income taxes		7,100,640		6,151,529
Income taxes – current		881		881
Income taxes – deferred		-		(41,522)
Total income taxes		881		(40,640)
Net income		7,099,759		6,192,169
Retained earnings brought forward		-		-
Unappropriated retained earnings (undisposed loss)		7,099,759		6,192,169

2.3. Statements of Unitholders' Equity

35th Fiscal Period [From: December 1, 2022 To: May 31, 2023]

(Unit: Thousands of yen)

	Unitholders' equity						
	Unitholders' capital			Surplus			
	Unitholders' capital	Deduction from unitholders' capital	Unitholders' capital, net	Voluntary retained earnings		Unappropriated retained earnings (undisposed loss)	Total surplus
				Reserve for reduction entry	Total voluntary retained earnings		
Balance at beginning of current fiscal period	251,551,759	(13,457,770)	238,093,989	2,459,048	2,459,048	6,512,095	8,971,143
Changes of items during the period							
Reversal of reserve for reduction entry				(40,039)	(40,039)	40,039	–
Dividends from surplus						(6,552,134)	(6,552,134)
Net income						7,099,759	7,099,759
Net changes of items other than unitholders' equity							
Total changes of items during the period	–	–	–	(40,039)	(40,039)	587,663	547,624
Balance at end of current fiscal period	251,551,759	(13,457,770)	238,093,989	2,419,008	2,419,008	7,099,759	9,518,767

	Unitholders' equity	Valuation and translation adjustments		Total net assets
	Total unitholders' equity	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at beginning of current fiscal period	247,065,132	426,174	426,174	247,491,307
Changes of items during the period				
Reversal of reserve for reduction entry	–			–
Dividends from surplus	(6,552,134)			(6,552,134)
Net income	7,099,759			7,099,759
Net changes of items other than unitholders' equity		(189,861)	(189,861)	(189,861)
Total changes of items during the period	547,624	(189,861)	(189,861)	357,763
Balance at end of current fiscal period	247,612,756	236,313	236,313	247,849,070

36th Fiscal Period [From: June 1, 2023 To: November 30, 2023]

(Unit: Thousands of yen)

	Unitholders' equity						
	Unitholders' capital			Surplus			
	Unitholders' capital	Deduction from unitholders' capital	Unitholders' capital, net	Voluntary retained earnings		Unappropriated retained earnings (undisposed loss)	Total surplus
				Reserve for reduction entry	Total voluntary retained earnings		
Balance at beginning of current fiscal period	251,551,759	(13,457,770)	238,093,989	2,419,008	2,419,008	7,099,759	9,518,767
Changes of items during the period							
Provision of reserve for reduction entry				547,624	547,624	(547,624)	-
Dividends from surplus						(6,552,134)	(6,552,134)
Net income						6,192,169	6,192,169
Net changes of items other than unitholders' equity							
Total changes of items during the period	-	-	-	547,624	547,624	(907,589)	(359,965)
Balance at end of current fiscal period	251,551,759	(13,457,770)	238,093,989	2,966,633	2,966,633	6,192,169	9,158,802

	Unitholders' equity	Valuation and translation adjustments		Total net assets
	Total unitholders' equity	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at beginning of current fiscal period	247,612,756	236,313	236,313	247,849,070
Changes of items during the period				
Provision of reserve for reduction entry	-			-
Dividends from surplus	(6,552,134)			(6,552,134)
Net income	6,192,169			6,192,169
Net changes of items other than unitholders' equity		34,047	34,047	34,047
Total changes of items during the period	(359,965)	34,047	34,047	(325,917)
Balance at end of current fiscal period	247,252,791	270,361	270,361	247,523,153

2.4. Statements of Cash Distributions

Item	35th Fiscal Period [From: Dec. 1, 2022 To: May 31, 2023]	36th Fiscal Period [From: June 1, 2023 To: Nov. 30, 2023]
	Amount (Yen)	Amount (Yen)
I. Unappropriated retained earnings	7,099,759,180	6,192,169,585
II. Reversal of voluntary retained earnings		
Reversal of reserve for reduction entry	–	359,965,015
III. Distribution amount	6,552,134,600	6,552,134,600
[Distribution amount per unit]	(13,700)	(13,700)
IV. Voluntary retained earnings		
Provision of reserve for reduction entry	547,624,580	–
V. Retained earnings carried forward	–	–
Method for calculating distribution amount	Pursuant to the policy that “the Investment Corporation shall distribute an amount in excess of the amount equivalent to 90% of its distributable earnings as defined in Article 67-15 of the Act on Special Measures Concerning Taxation” but no more than the amount of earnings as specified in Article 32, Item 1 of the Investment Corporation’s articles of incorporation, the Investment Corporation decided the distributions from earnings that it shall pay out shall be the amount remaining after deducting provision of reserve for reduction entry defined in Article 65-7 of the Act on Special Measures Concerning Taxation from unappropriated retained earnings. Accordingly, the Investment Corporation declared a distribution amount of 6,552,134,600 yen. Furthermore, the Investment Corporation shall not distribute cash in excess of earnings as stipulated in Article 32, Item 2 of its articles of incorporation.	Pursuant to the policy that “the Investment Corporation shall distribute an amount in excess of the amount equivalent to 90% of its distributable earnings as defined in Article 67-15 of the Act on Special Measures Concerning Taxation” but no more than the amount of earnings as specified in Article 32, Item 1 of the Investment Corporation’s articles of incorporation, the Investment Corporation decided the distributions from earnings that it shall pay out shall be the amount after adding reversal of reserve for reduction entry to unappropriated retained earnings. Accordingly, the Investment Corporation declared a distribution amount of 6,552,134,600 yen. Furthermore, the Investment Corporation shall not distribute cash in excess of earnings as stipulated in Article 32, Item 2 of its articles of incorporation.

2.5. Statements of Cash Flows

(Unit: Thousands of yen)

	35th Fiscal Period [From: Dec. 1, 2022 To: May 31, 2023]	36th Fiscal Period [From: June 1, 2023 To: Nov. 30, 2023]
Cash flows from operating activities		
Income before income taxes	7,100,640	6,151,529
Depreciation	1,798,721	1,789,425
Amortization of investment corporation bonds issuance costs	5,003	5,030
Interest income	(14)	(15)
Interest expenses	427,999	440,590
(Increase) Decrease in operating accounts receivable	6,493	(1,851)
(Increase) Decrease in consumption taxes receivable	82,420	-
(Increase) Decrease in prepaid expenses	(5,042)	(14,336)
Increase (decrease) in operating accounts payable	505,550	(318,603)
Increase (decrease) in accounts payable – other	(22,521)	(10,619)
Increase (decrease) in accrued consumption taxes	245,342	(118,170)
Increase (decrease) in advances received	(387,297)	34,443
(Increase) Decrease in long-term prepaid expenses	(15,150)	(18,021)
Decrease from sales of property, plant and equipment in trust	5,536,413	-
Other	38,518	185,870
Subtotal	15,317,079	8,125,273
Interest income received	14	15
Interest expenses paid	(427,882)	(440,713)
Income taxes paid	(881)	(881)
Net cash provided by (used in) operating activities	14,888,329	7,683,693
Cash flows from investing activities		
Purchase of property, plant and equipment	(41,817)	(2,064)
Purchase of property, plant and equipment in trust	(1,876,773)	(2,126,129)
Purchase of intangible assets	-	(9,670)
Proceeds from tenant security deposits	552,720	625,529
Proceeds from tenant security deposits in trust	42,992	37,098
Repayments of tenant security deposits	(984,591)	(749,491)
Repayments of tenant security deposits in trust	(39,261)	-
Net cash provided by (used in) investing activities	(2,346,730)	(2,224,726)
Cash flows from financing activities		
Proceeds from short-term loans payable	2,000,000	500,000
Repayments of short-term loans payable	-	(2,000,000)
Proceeds from long-term loans payable	13,000,000	14,700,000
Repayments of long-term loans payable	(13,000,000)	(13,200,000)
Dividends paid	(6,551,992)	(6,551,884)
Net cash provided by (used in) financing activities	(4,551,992)	(6,551,884)
Net increase (decrease) in cash and cash equivalents	7,989,606	(1,092,917)
Cash and cash equivalents at beginning of period	22,808,682	30,798,288
Cash and cash equivalents at end of period	*1 30,798,288	*1 29,705,371

2.6. Notes to the Going Concern
Not applicable.

2.7. Notes to Significant Accounting Policies

<p>1. Accumulated depreciation method for noncurrent assets</p>	<p>(1) Property, plant and equipment (including trust assets) The straight-line method is adopted. The useful life of primary property, plant and equipment is as follows:</p> <table data-bbox="662 376 1125 515"> <tr> <td>Buildings</td> <td>4~64 years</td> </tr> <tr> <td>Structures</td> <td>10~56 years</td> </tr> <tr> <td>Machinery and equipment</td> <td>10~23 years</td> </tr> <tr> <td>Tools, furniture and fixtures</td> <td>4~15 years</td> </tr> </table> <p>(2) Intangible assets The straight-line method is adopted.</p> <p>(3) Long-term prepaid expenses The straight-line method is adopted.</p>	Buildings	4~64 years	Structures	10~56 years	Machinery and equipment	10~23 years	Tools, furniture and fixtures	4~15 years
Buildings	4~64 years								
Structures	10~56 years								
Machinery and equipment	10~23 years								
Tools, furniture and fixtures	4~15 years								
<p>2. Accounting policies for deferred assets</p>	<p>Investment corporation bonds issuance costs Amortized using the straight-line method over the period up to redemption.</p>								
<p>3. Accounting standards for recording revenues and expenses</p>	<p>(1) Accounting for fixed property tax, etc. Concerning fixed property tax, city planning tax, depreciated asset tax, etc. for owned real estate or trust beneficiary interest in real estate, of the tax amount that has been broken down into installments, the method of accounting for the amount corresponding to the concerned fiscal period as expenses related to rent business is adopted. Concerning the amount equivalent to fixed property tax, etc. for the initial fiscal year that shall be borne by the Investment Corporation in correlation with acquisitions of real estate or trust beneficiary interest that have real estate as assets in trust, the amount is not expensed but is rather included in the cost of acquisition of the concerned real estate property. The amount equivalent to fixed property tax, etc. that was included in the cost of acquisition of real estate properties is zero.</p> <p>(2) Accounting Standard for Revenue The content of main performance obligations related to revenue from contracts with customers of the Investment Corporation and the normal timing for satisfying such performance obligations (the normal timing for recognizing revenue) are as follows:</p> <p>(i) Sale of real estate properties The Investment Corporation recognizes revenue from the sale of real estate properties when the purchaser, as the customer, obtains control of the real estate property by fulfilling the delivery obligations stipulated in the contract for the sale of real estate property.</p> <p>(ii) Utilities income The Investment Corporation recognizes utilities income based on the supply of electricity, water, etc. to the lessee as the customer, in accordance with the terms of the real estate lease contract and related agreements. Of utilities income, in the case that the Investment Corporation determines it is an agent for utilities income, the utilities income is recognized as income at the net amount received as charges for electricity, gas, etc. supplied by other parties less the amount paid to such other parties.</p>								

<p>4. Hedge accounting approach</p>	<p>(1) Hedge accounting approach Deferral hedge accounting is adopted. Special accounting is adopted for interest rate swaps that meet the requirements for special accounting.</p> <p>(2) Hedging instruments and hedged items Hedging instruments: Interest rate swap transaction Hedged items: Interest on loans</p> <p>(3) Hedging policy The Investment Corporation conducts derivative transactions to hedge risks stipulated in the Investment Corporation's articles of incorporation in accordance with the Investment Corporation's risk management policy.</p> <p>(4) Method for assessing the effectiveness of hedging The effectiveness of hedging is assessed by the correlation between the change in aggregated amount of cash flow of the hedging instruments and the change in aggregated amount of cash flow of the hedged items. Interest rate swaps that meet the requirements for special accounting are omitted from assessment of the effectiveness.</p>
<p>5. Scope of funds in the statements of cash flows</p>	<p>The funds (cash and cash equivalents) in the statements of cash flows consist of cash on hand and cash in trust; deposits that can be withdrawn at any time and deposits in trust; and short-term investments with a maturity of 3 months or less from the date of acquisition, which are readily convertible to cash and bear only an insignificant risk of price fluctuation.</p>
<p>6. Other significant matters forming basis for preparation of financial statements</p>	<p>(1) Accounting method for trust beneficiary interest in real estate, etc. Concerning owned trust beneficiary interest that have real estate properties as assets in trust, all accounts of assets and liabilities within assets in trust as well as all accounts of revenues and expenses incurred from the assets in trust are recorded in the relevant account item of the balance sheets and statements of income. The following material items of the assets in trust recorded in the relevant account item are separately listed on the balance sheets.</p> <ul style="list-style-type: none"> (i) Cash and deposits in trust (ii) Buildings in trust, structures in trust, machinery and equipment in trust, tools, furniture and fixtures in trust, land in trust and construction in progress in trust (iii) Leasehold rights in trust (iv) Leasehold and guarantee deposits in trust (v) Tenant leasehold and security deposits in trust <p>(2) Accounting method for consumption taxes The consumption taxes relating to noncurrent assets, etc. that are not tax-deductible are amortized in equal installments over 5 years.</p>

2.8. Notes to Financial Statements
(Omission of Disclosure)

Concerning notes to lease transactions, securities, retirement benefits, tax-effect accounting and asset retirement obligations, disclosure is omitted because there is no substantial need for such disclosure in the financial report (*kessan tanshin*).

[Notes to Balance Sheets]

*1. Advanced depreciation amount for property, plant and equipment acquired by government subsidies, etc.

	35th Fiscal Period [As of May 31, 2023]	36th Fiscal Period [As of November 30, 2023]
Buildings in trust	77,363 thousand yen	77,363 thousand yen

*2. Advanced depreciation amount for property, plant and equipment acquired through exchange

	35th Fiscal Period [As of May 31, 2023]	36th Fiscal Period [As of November 30, 2023]
Buildings in trust	182,563 thousand yen	182,563 thousand yen
Structures in trust	283 thousand yen	283 thousand yen
Land in trust	887,074 thousand yen	887,074 thousand yen
Total	1,069,921 thousand yen	1,069,921 thousand yen

*3. Agreement on the Establishment of Commitment Line

The Investment Corporation has concluded an agreement with a correspondent bank concerning the establishment of commitment line.

There was no balance of borrowings based on the agreement as of the end of the current period.

	35th Fiscal Period [As of May 31, 2023]	36th Fiscal Period [As of November 30, 2023]
Total amount of commitment line	5,500,000 thousand yen	5,500,000 thousand yen
Balance of borrowings	— thousand yen	— thousand yen
Difference	5,500,000 thousand yen	5,500,000 thousand yen

*4. Status of cancellation of own investment units

	35th Fiscal Period [As of May 31, 2023]	36th Fiscal Period [As of November 30, 2023]
Total number of units cancelled	19,611 units	19,611 units
Total amount cancelled	13,457,770 thousand yen	13,457,770 thousand yen

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

	35th Fiscal Period [As of May 31, 2023]	36th Fiscal Period [As of November 30, 2023]
	50,000 thousand yen	50,000 thousand yen

[Notes to Statements of Income]

*1. Breakdown of operating income (loss) from property leasing

(Unit: Thousands of yen)

	35th Fiscal Period [From: Dec. 1, 2022 To: May 31, 2023]	36th Fiscal Period [From: June 1, 2023 To: Nov. 30, 2023]
A. Property leasing revenue		
Rent revenue – real estate	13,503,773	13,604,055
Other lease business revenue	27,545	42,173
Total property leasing revenue	13,531,319	13,646,229
B. Property leasing expenses		
Consignment expenses	1,076,880	1,004,099
Utilities expenses	1,288,850	1,141,646
Taxes and dues	1,150,420	1,205,457
Non-life insurance expenses	24,719	25,131
Repair expenses	575,184	319,560
Depreciation	1,797,518	1,787,700
Other lease business expenses	74,413	75,422
Total property leasing expenses	5,987,987	5,559,019
C. Operating income (loss) from property leasing [A – B]	7,543,331	8,087,210

*2. Breakdown of gain on sales of real estate properties

(Unit: Thousands of yen)

35th Fiscal Period [From: December 1, 2022 To: May 31, 2023]

Daiwa SHIBUYA EDGE		
Proceeds from sales of real estate properties		7,313,000
Cost of sales of real estate properties		5,536,413
Other expenses on sales		257,549
Gain on sales of real estate properties		1,519,036

36th Fiscal Period [From: June 1, 2023 To: November 30, 2023]

Not applicable.

[Notes to Statements of Unitholders' Equity]

	35th Fiscal Period [From: Dec. 1, 2022 To: May 31, 2023]	36th Fiscal Period [From: June 1, 2023 To: Nov. 30, 2023]
Total number of investment units authorized and total number of investment units issued and outstanding		
Total number of investment units authorized	2,000,000 units	2,000,000 units
Total number of investment units issued and outstanding	478,258 units	478,258 units

[Notes to Statements of Cash Flows]

*1. Reconciliation of balance sheet items to cash and cash equivalents at end of period in the statements of cash flows

(Unit: Thousands of yen)

	35th Fiscal Period [From: Dec. 1, 2022 To: May 31, 2023]	36th Fiscal Period [From: June 1, 2023 To: Nov. 30, 2023]
Cash and deposits	27,028,187	25,875,644
Cash and deposits in trust	3,770,101	3,829,727
Cash and cash equivalents	30,798,288	29,705,371

[Notes to Financial Instruments]

(1) Matters Concerning Status of Financial Instruments

① Policy for financial instruments

The Investment Corporation raises funds through bank borrowings, issuance of investment corporation bonds and issuance of new investment units, etc. for the acquisition and repair of investment properties, the payments of dividends and the reimbursement of bank borrowings. As for debt finance, the Investment Corporation focuses on lengthening maturities, fixing interest rates, dispersing maturity dates and utilizing commitment line in order to secure financial stability and avoid future fluctuation risk of interest rates.

The Investment Corporation manages surplus funds through deposits and safe and highly liquid money claims and securities (in principle, deposits).

Derivative transactions are limited to hedge operations which hedge against interest rate fluctuation risks attributable to liabilities of the Investment Corporation.

② Contents and risk of financial instruments and related risk management

The Investment Corporation uses the proceeds from the financing of debts and investment corporation bonds for the acquisition of investment properties (such as trust beneficiary interest in real estate) and the reimbursement of current debts and bonds. While these debts and bonds are exposed to liquidity risk, the Investment Corporation manages the risk by maintaining the LTV ratio at low levels, dispersing maturity dates, maintaining the ratio of long-term debt to total debt at high levels, and diversifying lenders with particular focus on domestic financial institutions. Bank borrowings, etc. with floating interest rates are exposed to interest rate fluctuation risk and the risk is controlled by using derivative instruments (interest rate swap transaction) for some long-term borrowings to avoid interest rate fluctuation risk and to fix interest expense.

The effectiveness of hedging is assessed by the correlation between the change in aggregated amount of cash flow of the hedging instruments and the change in aggregated amount of cash flow of the hedged items. Interest rate swaps that meet the requirements for special accounting are omitted from assessment of the effectiveness.

Enforcement and management of derivative transactions are carried out in accordance with the provisions established by the basic policy of risk management.

Tenant leasehold and security deposits and tenant leasehold and security deposits in trust are exposed to liquidity risk upon tenants moving out and the Investment Corporation reduces the risk by pooling funds to a certain degree.

Surplus funds by deposits are exposed to credit risk of counterparties (financial institutions and so on) and are managed by limiting the terms to short durations and establishing credit rating level of counterparties (except for checkable deposit), etc.

③ Supplementary explanation for fair value of financial instruments

As various factors are incorporated into the calculation of fair value of financial instruments, the resulting value may differ if different assumptions are provided. Furthermore, the contractual amounts of derivative transactions do not represent the market risk involved in these derivative transactions.

(2) Matters Concerning Fair Value, etc. of Financial Instruments

The carrying amounts and fair values and their differences are as follows. As “Cash and deposits,” “Cash and deposits in trust” and “Short-term loans payable” are settled within a short period of time, the fair value is approximately the same as the book value, and thus such notes have been omitted.

35th Fiscal Period [As of May 31, 2023]

(Unit: Thousands of yen)

	Carrying amount	Fair value	Difference
(2) Current portion of long-term loans payable	25,600,000	25,588,019	(11,980)
(3) Investment corporation bonds	9,000,000	8,915,280	(84,720)
(4) Long-term loans payable	171,200,000	170,430,316	(769,683)
Total liabilities	205,800,000	204,933,615	(866,384)
Derivative transactions (*)	344,781	344,781	—

36th Fiscal Period [As of November 30, 2023]

(Unit: Thousands of yen)

	Carrying amount	Fair value	Difference
(1) Current portion of investment corporation bonds	3,800,000	3,806,180	6,180
(2) Current portion of long-term loans payable	27,200,000	27,190,274	(9,725)
(3) Investment corporation bonds	5,200,000	5,070,430	(129,570)
(4) Long-term loans payable	171,100,000	169,982,937	(1,117,062)
Total liabilities	207,300,000	206,049,821	(1,250,178)
Derivative transactions (*)	394,457	394,457	—

(*) The value of receivables and payables arising from derivative transactions are indicated at net basis. The amount in parentheses represents the net liability position.

(Note 1) Methods to estimate fair value of financial instruments and matters concerning derivative transactions

Liabilities

(1) Current portion of investment corporation bonds; (3) Investment corporation bonds

The fair value of the investment corporation bonds issued by the Investment Corporation is based on the market price.

(2) Current portion of long-term loans payable; (4) Long-term loans payable

As those with floating interest rates reflect market interest rates within a short period of time and the Investment Corporation's credit capability does not differ markedly from the execution, the fair value is approximately the same as the book value and thus is stated at that book value. Those with fixed interest rates, on the other hand, are based on the method of calculating by discounting the sum total amount of principal and interest (*) by the reasonably estimated interest rate in the case that the same type of borrowings is undertaken.

(*) Long-term loans payable that are subject to special accounting for interest rate swaps are based on the sum total amount of principal and interest at the rate of the applicable interest rate swaps. (Please refer to [Notes to Derivative Transactions] below.)

Derivative transactions

Please refer to [Notes to Derivative Transactions] below.

(Note 2) Tenant leasehold and security deposits (19,658,273 thousand yen in the balance sheet for May 31, 2023, and 19,534,312 thousand yen in the balance sheet for November 30, 2023) and tenant leasehold and security deposits in trust (1,987,928 thousand yen in the balance sheet for May 31, 2023, and 2,025,026 thousand yen in the balance sheet for November 30, 2023) are omitted as they lack materiality.

(Note 3) Amount of redemption of current portion of investment corporation bonds, repayment of current portion of long-term loans payable, investment corporation bonds, and long-term loans payable scheduled to be due after the settlement of accounts

35th Fiscal Period [As of May 31, 2023]

(Unit: Thousands of yen)

	Within 1 year	Within 2 years, but over 1 year	Within 3 years, but over 2 years	Within 4 years, but over 3 years	Within 5 years, but over 4 years	Over 5 years
Current portion of long-term loans payable	25,600,000	–	–	–	–	–
Investment corporation bonds	–	3,800,000	1,500,000	–	–	3,700,000
Long-term loans payable	–	30,800,000	20,700,000	20,200,000	29,100,000	70,400,000
Total	25,600,000	34,600,000	22,200,000	20,200,000	29,100,000	74,100,000

36th Fiscal Period [As of November 30, 2023]

(Unit: Thousands of yen)

	Within 1 year	Within 2 years, but over 1 year	Within 3 years, but over 2 years	Within 4 years, but over 3 years	Within 5 years, but over 4 years	Over 5 years
Current portion of investment corporation bonds	3,800,000	–	–	–	–	–
Current portion of long-term loans payable	27,200,000	–	–	–	–	–
Investment corporation bonds	–	1,500,000	–	–	–	3,700,000
Long-term loans payable	–	23,000,000	22,400,000	27,600,000	26,200,000	71,900,000
Total	31,000,000	24,500,000	22,400,000	27,600,000	26,200,000	75,600,000

[Notes to Derivative Transactions]

(1) Transactions for which hedge accounting is not applied

35th Fiscal Period [As of May 31, 2023]

Not applicable.

36th Fiscal Period [As of November 30, 2023]

Not applicable.

(2) Transactions for which hedge accounting is applied

35th Fiscal Period [As of May 31, 2023]

About derivative transactions for which hedge accounting is applied, the contract amount, amount equivalent to the principal provided in the contract, etc. as of the settlement of accounts for each hedge accounting approach are as follows.

(Unit: Thousands of yen)

Hedge accounting approach	Type, etc. of derivative transaction	Main hedged item	Contract amount, etc.		Fair value	Method of calculation of that fair value
				Of which, over 1 year		
Principle accounting method	Interest rate swap transaction Fixed payable Floating receivable	Long-term loans payable	68,500,000	52,500,000	344,781	Based on price quoted by partner financial institution
Special accounting for interest rate swaps	Interest rate swap transaction Fixed payable Floating receivable	Long-term loans payable	28,900,000	27,000,000	(*)	–
Total			97,400,000	79,500,000	344,781	–

36th Fiscal Period [As of November 30, 2023]

About derivative transactions for which hedge accounting is applied, the contract amount, amount equivalent to the principal provided in the contract, etc. as of the settlement of accounts for each hedge accounting approach are as follows.

(Unit: Thousands of yen)

Hedge accounting approach	Type, etc. of derivative transaction	Main hedged item	Contract amount, etc.		Fair value	Method of calculation of that fair value
				Of which, over 1 year		
Principle accounting method	Interest rate swap transaction Fixed payable Floating receivable	Long-term loans payable	64,500,000	46,700,000	394,457	Based on price quoted by partner financial institution
Special accounting for interest rate swaps	Interest rate swap transaction Fixed payable Floating receivable	Long-term loans payable	29,900,000	28,000,000	(*)	—
Total			94,400,000	74,700,000	394,457	—

(*) Since the derivative financial instruments qualifying for the special accounting for interest rate swaps are accounted for as one transaction together with their hedged item, long-term loans payable, the fair value of these derivatives is included in that of related long-term loans payable. (Please refer to “Notes to Financial Instruments (2) Matters Concerning Fair Value, etc. of Financial Instruments (Note 1) Liabilities (2) (4).”)

[Notes to Transactions with Related Parties]

(1) Transactions with related parties

① Parent company and major corporate unitholders, etc.

35th Fiscal Period [From: December 1, 2022 To: May 31, 2023]

Not applicable.

36th Fiscal Period [From: June 1, 2023 To: November 30, 2023]

Not applicable.

② Affiliated companies, etc.

35th Fiscal Period [From: December 1, 2022 To: May 31, 2023]

Not applicable.

36th Fiscal Period [From: June 1, 2023 To: November 30, 2023]

Not applicable.

③ Sister companies, etc.

35th Fiscal Period [From: December 1, 2022 To: May 31, 2023]

Not applicable.

36th Fiscal Period [From: June 1, 2023 To: November 30, 2023]

Not applicable.

④ Officers and major individual unitholders, etc.

35th Fiscal Period [From: December 1, 2022 To: May 31, 2023]

Not applicable.

36th Fiscal Period [From: June 1, 2023 To: November 30, 2023]

Not applicable.

(2) Information about parent company or any material affiliated company

35th Fiscal Period [From: December 1, 2022 To: May 31, 2023]

Parent company's information

Daiwa Securities Group Inc. (listed on Tokyo Stock Exchange, Inc. and Nagoya Stock Exchange, Inc.)

36th Fiscal Period [From: June 1, 2023 To: November 30, 2023]

Parent company's information

Daiwa Securities Group Inc. (listed on Tokyo Stock Exchange, Inc. and Nagoya Stock Exchange, Inc.)

[Notes to Revenue Recognition]

Breakdown information on revenue from contracts with customers

35th Fiscal Period [From: December 1, 2022 To: May 31, 2023]

(Unit: Thousands of yen)

	Revenue from contracts with customers (Note 1)	Sales to external customers
Sale of real estate properties (Note 2)	7,313,000	1,519,036
Utilities income	967,320	967,320
Other	—	12,563,998
Total	8,280,320	15,050,355

(Note 1) Rent revenue, etc. covered by the Accounting Standard for Lease Transactions (ASBJ Statement No.13) is not subject to the Accounting Standard for Revenue Recognition and is thus excluded from revenue from contracts with customers. Furthermore, revenue generated from contracts with major customers are sales of real estate properties and utility charge revenues.

(Note 2) As sale of real estate properties is recorded as gain or loss on sale of real estate properties in the statements of income in accordance with Article 48, Paragraph 2 of the Ordinance on Accounting of Investment Corporation (Cabinet Office Ordinance No. 47 of 2006), the amount after deducting the cost of sales of real estate properties and other expenses on sales from the proceeds from sales of real estate properties is stated.

36th Fiscal Period [From: June 1, 2023 To: November 30, 2023]

(Unit: Thousands of yen)

	Revenue from contracts with customers (Note)	Sales to external customers
Sale of real estate properties	—	—
Utilities income	1,044,485	1,044,485
Other	—	12,601,743
Total	1,044,485	13,646,229

(Note) Rent revenue, etc. covered by the Accounting Standard for Lease Transactions (ASBJ Statement No.13) is not subject to the Accounting Standard for Revenue Recognition and is thus excluded from revenue from contracts with customers. Furthermore, revenue generated from contracts with major customers are sales of real estate properties and utility charge revenues.

[Notes to Investment and Rental Properties]

The Investment Corporation has rental office buildings, etc. (including land) in Tokyo and other regions for the purpose of generating rental revenues. The carrying amount, amount of increase (decrease) during period and fair value for these rental properties are as follows.

(Unit: Thousands of yen)

	35th Fiscal Period [From: Dec. 1, 2022 To: May 31, 2023]	36th Fiscal Period [From: June 1, 2023 To: Nov. 30, 2023]
Carrying amount		
Balance at beginning of period	454,561,390	448,328,813
Amount of increase (decrease) during period	(6,232,577)	(792,854)
Balance at end of period	448,328,813	447,535,958
Fair value at end of period	587,160,000	587,530,000

(Note 1) The carrying amount is the amount after accumulated depreciation is deducted from the cost of acquisition.

(Note 2) Of the amount of increase (decrease) for rental properties during the 35th Fiscal Period, the amount of decrease is mainly attributable to the sale of Daiwa SHIBUYA EDGE (5,536 million yen) and depreciation (1,797 million yen). During the 36th Fiscal Period, the amount of decrease is mainly attributable to depreciation (1,787 million yen).

(Note 3) The fair value at end of period presents the appraisal value estimated by external real estate appraisers.

The income (loss) for investment and rental properties are as presented in the aforementioned “Notes to Statements of Income.”

[Notes to Segment Information, Etc.]

(1) Segment Information

Segment information has been omitted because the Investment Corporation has no segment except the property leasing business.

(2) Related Information

35th Fiscal Period [From: December 1, 2022 To: May 31, 2023]

① Information about products and services

Information about products and services has been omitted because net sales to external customers for one segment are in excess of 90% of the operating revenue on statements of income.

② Information about geographical areas

A. Net sales

Information about net sales has been omitted because net sales to external customers in Japan are in excess of 90% of the operating revenue on statements of income.

B. Property, plant and equipment

Information about property, plant and equipment has been omitted because the amount of property, plant and equipment located in Japan is in excess of 90% of the amount of property, plant and equipment on balance sheets.

③ Information about major customers

Information about major customers has been omitted because each net sales figure to a single external customer accounts for less than 10% of the operating revenue on statements of income.

36th Fiscal Period [From: June 1, 2023 To: November 30, 2023]

① Information about products and services

Information about products and services has been omitted because net sales to external customers for one segment are in excess of 90% of the operating revenue on statements of income.

② Information about geographical areas

A. Net sales

Information about net sales has been omitted because net sales to external customers in Japan are in excess of 90% of the operating revenue on statements of income.

B. Property, plant and equipment

Information about property, plant and equipment has been omitted because the amount of property, plant and equipment located in Japan is in excess of 90% of the amount of property, plant and equipment on balance sheets.

③ Information about major customers

Information about major customers has been omitted because each net sales figure to a single external customer accounts for less than 10% of the operating revenue on statements of income.

[Notes to Per Unit Information]

	35th Fiscal Period [From: Dec. 1, 2022 To: May 31, 2023]	36th Fiscal Period [From: June 1, 2023 To: Nov. 30, 2023]
Net assets per unit	518,232 yen	517,551 yen
Net income per unit	14,845 yen	12,947 yen

(Note 1) Net income per unit is calculated by dividing net income by the average number of investment units during the period. The diluted net income per unit is not stated as there are no diluted investment units.

(Note 2) The basis for calculating the net income per unit is as follows.

	35th Fiscal Period [From: Dec. 1, 2022 To: May 31, 2023]	36th Fiscal Period [From: June 1, 2023 To: Nov. 30, 2023]
Net income (Thousands of yen)	7,099,759	6,192,169
Amounts not attributable to common unitholders (Thousands of yen)	—	—
Net income attributable to common investment units (Thousands of yen)	7,099,759	6,192,169
Average number of investment units during the period (Units)	478,258	478,258

[Notes to Significant Subsequent Events]

Investment Unit Split

At its board of directors' meeting held on January 22, 2024, the Investment Corporation made a resolution to split investment units as follows.

① Purpose of the split

The purpose is to establish an environment facilitating investment by investors and to further expand the investor base and increase the liquidity of investment units by lowering the amount of investment per investment unit.

② Method of the split

With May 31, 2024, as the record date, investment units the Investment Corporation will conduct a 2-for-1 split of the Investment Corporation's held by unitholders listed or recorded in the final unitholder registry as of the same day.

③ Number of investment units to increase by the split, etc.

- | | | | |
|----|---|---|-----------------|
| a. | Total number of the Investment Corporation's investment units issued and outstanding before the split | : | 478,258 units |
| b. | Total number of investment units to increase by the split | : | 478,258 units |
| c. | Total number of the Investment Corporation's investment units issued and outstanding after the split | : | 956,516 units |
| d. | Total number of investment units authorized by the Investment Corporation after the split | : | 4,000,000 units |

d. Schedule of the split

- | | | | |
|----|--------------------------------------|---|-------------------------------------|
| a. | Date of public notice of record date | : | Wednesday, May 15, 2024 (scheduled) |
| b. | Record date | : | Friday, May 31, 2024 (Note) |
| c. | Effective date | : | Saturday, June 1, 2024 |

(Note) The final trading day with rights at the Tokyo Stock Exchange is scheduled to be Wednesday, May 29, 2024.

e. Impact on the per unit information

Per unit information for the 36th Fiscal Period when assuming that the investment unit split was conducted at the beginning of the fiscal period is as follows.

- | | | | |
|----|---------------------|---|-------------|
| a. | Net assets per unit | : | 258,775 yen |
| b. | Net income per unit | : | 6,473 yen |

(Additional information)

Acquisition of Assets

The Investment Corporation decided on the following acquisition of trust beneficiary interest in real estate on March 22, 2023.

Overview of the Acquired Asset

Asset name	S-GATE FIT Nihonbashi Bakurocho
Type of asset	Trust beneficiary interest in domestic real estate (Note 1)
Location	1-11-10 Nihonbashi-bakurocho, Chuo-ku, Tokyo
Acquisition price	6,300 million yen (excluding acquisition expenses and consumption tax, etc.)
Date of conclusion of purchase agreement	March 22, 2023
Scheduled delivery date	March 29, 2024, or a date agreed upon separately by the Sellers and the Investment Corporation by the same date
Sellers	THE SANKEI BUILDING CO., LTD. and Mitsubishi Corporation Urban Development, Inc. (Note 2)

(Note 1) Trust beneficiary interest with trust assets primarily of compartmentalized ownership for a portion of the first floor and all of the second through eleventh floors of the property.

(Note 2) The Investment Corporation will acquire quasi co-ownership interest (55/100 of holdings) in trust beneficiary interest from THE SANKEI BUILDING CO., LTD. and quasi co-ownership interest (45/100 of holdings) in trust beneficial interest from Mitsubishi Corporation Urban Development, Inc.

2.9. Increase (Decrease) in Total Number of Investment Units Issued and Outstanding

Since capital increase, etc. was not conducted in the 36th Fiscal Period, there is no change to unitholders' capital, etc. The overview of total number of investment units issued and outstanding and capital increase (decrease) in unitholders' capital, net in the most recent five years up to the end of the 36th Fiscal Period is as follows.

Date	Description	Total number of investment units issued and outstanding (units)		Unitholders' capital, net (Millions of yen) (Note 1)		Notes
		Increase (Decrease)	Balance	Increase (Decrease)	Balance	
May 31, 2021	Cancellation	(3,789)	488,088	(2,782)	245,093	(Note 2)
May 31, 2022	Cancellation	(5,559)	482,529	(3,999)	241,093	(Note 3)
November 30, 2022	Cancellation	(4,271)	478,258	(2,999)	238,093	(Note 4)

(Note 1) Unitholders' capital, net = Unitholders' capital – Deduction from unitholders' capital

(Note 2) In the period from February 24, 2021 to May 14, 2021, the Investment Corporation acquired own investment units through market purchase at the Tokyo Stock Exchange based on a discretionary transaction agreement with a securities company. The Investment Corporation cancelled all of the acquired own investment units (3,789 units) on May 31, 2021, based on the resolution at its board of directors' meeting held on May 26, 2021.

(Note 3) In the period from February 25, 2022 to March 31, 2022, the Investment Corporation acquired own investment units through market purchase at the Tokyo Stock Exchange based on a discretionary transaction agreement with a securities company. The Investment Corporation cancelled all of the acquired own investment units (5,559 units) on May 31, 2022, based on the resolution at its board of directors' meeting held on May 23, 2022.

(Note 4) In the period from August 25, 2022 to September 28, 2022, the Investment Corporation acquired own investment units through market purchase at the Tokyo Stock Exchange based on a discretionary transaction agreement with a securities company. The Investment Corporation cancelled all of the acquired own investment units (4,271 units) on November 30, 2022, based on the resolution at its board of directors' meeting held on November 25, 2022.

3. Reference Information

3.1. Investment Status

Type of asset	Use	Region	36th Fiscal Period (As of November 30, 2023)	
			Total amount owned (Millions of yen) (Note 1)	As a percentage of total assets (%)
Real estate	Office	Five Central Wards of Tokyo (Note 2)	15,419	3.2
Trust beneficiary interest in real estate	Office	Five Central Wards of Tokyo (Note 2)	344,402	71.4
		Greater Tokyo (Note 3)	78,883	16.4
		Major Regional Cities (Note 4)	8,830	1.8
Subtotal			447,535	92.8
Deposits and other assets			34,664	7.2
Total amount of assets (Note 5)			482,200	100.0
			(447,535)	(92.8)

(Note 1) “Total amount owned” is the carrying amount on the balance sheets (the book value after depreciation in the case of real estate and trust beneficiary interest in real estate).

(Note 2) “Five Central Wards of Tokyo” are Chiyoda, Chuo, Minato, Shinjuku and Shibuya Wards.

(Note 3) “Greater Tokyo” is Tokyo, Kanagawa, Chiba and Saitama prefectures (excluding the Five Central Wards of Tokyo).

(Note 4) “Major Regional Cities” are the Osaka metropolitan area (Osaka, Kyoto and Hyogo prefectures), the Nagoya metropolitan area (Aichi, Mie and Gifu prefectures), and ordinance-designated cities and core cities set forth in the Local Autonomy Act.

(Note 5) The figures in parentheses () under “Total amount of assets” show the portion of the applicable asset that, in effect, corresponds to the holding of real estate properties. The amount of construction in progress (including construction in progress in trust) is not included in the amount of real estate and trust beneficiary interest in real estate.

3.2. Investment Real Estate Properties (As of November 30, 2023)

3.2.1. Price and Investment Ratio of Investment Real Estate Properties

Region	Property name	Type of specified asset	Acquisition price (Millions of yen) (Note 1)	Carrying amount (Millions of yen) (Note 2)	Estimated price at end of period (Millions of yen) (Note 3)	Investment ratio (%) (Note 4)
Five Central Wards of Tokyo	Daiwa Ginza	Real estate	14,100	12,664	15,400	3.0
	Daiwa Ginza Annex		3,050	2,754	3,340	0.7
	Daiwa Shibaura		8,265	7,931	8,640	1.8
	Daiwa Sarugakucho		3,190	3,026	4,350	0.7
	Daiwa A Hamamatsucho (Note 5)		2,865	2,645	3,980	0.6
	Daiwa Jingumae		2,800	2,628	3,250	0.6
	Daiwa Shibadaimon		2,578	2,309	4,220	0.6
	Daiwa Misakicho		2,346	2,058	3,190	0.5
	Daiwa Tsukijiekimae		1,560	1,222	2,430	0.3
	Daiwa Tsukiji		1,240	1,143	1,780	0.3
	Daiwa Tsukishima		7,840	6,351	10,200	1.7
	Daiwa Nihonbashi Horidomecho		2,520	2,312	3,120	0.5
	Daiwa Azabudai		1,600	1,466	2,000	0.3
	Shinjuku Maynds Tower (Note 5)		66,900	62,665	64,700	14.5
	Daiwa Kodenmacho		2,460	2,340	2,460	0.5
	Daiwa Nishi-Shimbashi		5,000	4,487	7,550	1.1
	Daiwa Kayabacho		5,600	4,996	8,750	1.2
	Daiwa Jinbocho 3-chome	3,550	3,159	5,550	0.8	
	E SPACE TOWER	24,000	23,270	38,700	5.2	
	Daiwa Nihonbashi Hongokucho	1,721	1,449	2,880	0.4	
	shinyon curumu	9,650	9,342	17,500	2.1	
	Daiwa Akasaka	9,200	9,886	16,400	2.0	
	Daiwa Shibuya Miyamasuzaka	7,000	7,150	13,100	1.5	
	Daiwa Azabu Terrace	14,000	13,650	18,900	3.0	
	Daiwa Ebisu 4-chome	4,135	4,122	6,780	0.9	
	LAQUAS Higashi Shinjuku	8,450	8,183	11,900	1.8	
	Daiwa Aoyama	9,800	9,900	12,800	2.1	
	Daiwa Shibuya Shinsen	4,800	4,911	6,680	1.0	
	Daiwa Shibuya Square	16,000	15,925	23,500	3.5	
	Daiwa River Gate	28,000	27,407	35,900	6.1	
	Daiwa Hatchobori ekimae	2,871	2,872	3,500	0.6	
	Daiwa Hatchobori ekimae West	1,647	1,694	2,080	0.4	
	Daiwa Nishi-Shinjuku	13,710	13,861	17,100	3.0	
	Kirin Nihonbashi	8,180	8,236	8,470	1.8	
	Daiwa Higashi-Nihonbashi	6,370	6,162	7,540	1.4	
	Daiwa Daikanyama	2,280	2,339	3,780	0.5	
	Daiwa Shinjuku West	942	979	1,330	0.2	
	Daiwa Kanda Mikuracho	1,592	1,592	1,900	0.3	
	Daiwa Kanda East	4,200	4,326	5,960	0.9	
	Daiwa Kandasudacho	2,295	2,399	2,960	0.5	
	Daiwa Sasazuka Tower	15,500	15,900	15,000	3.4	
	Daiwa Sasazuka	3,000	3,208	3,750	0.6	
	Daiwa Harumi	11,200	11,105	12,800	2.4	
	Daiwa Mita 2-Chome	2,635	1,555	4,310	0.6	
	Nihonbashi Central Square (Note 5)	3,521	3,573	3,940	0.8	
	Daiwa Nihonbashi Bakurocho	5,733	5,724	7,040	1.2	
	Daiwa Kandabashi	1,970	2,040	2,150	0.4	
	Kandasudacho 2-Chome Development Site (land) (Note 6)	10,600	10,884	12,600	2.3	
Total for Five Central Wards of Tokyo (48 properties)			372,466	359,821	476,160	80.5

Region	Property name	Type of specified asset	Acquisition price (Millions of yen) (Note 1)	Carrying amount (Millions of yen) (Note 2)	Estimated price at end of period (Millions of yen) (Note 3)	Investment ratio (%) (Note 4)
Greater Tokyo	Daiwa Higashi-Ikebukuro	Trust beneficiary interest in real estate	2,958	2,459	4,370	0.6
	Daiwa Shinagawa North		7,710	6,830	6,320	1.7
	Daiwa Kamiooka		2,000	1,723	2,920	0.4
	Daiwa Ogikubo Tower		15,220	15,768	23,900	3.3
	Daiwa Meguro Square		5,600	5,298	7,410	1.2
	Daiwa Ogikubo		3,800	3,944	5,070	0.8
	CONCURRED Yokohama (Note 5)		38,100	37,311	41,900	8.2
	Daiwa Shinagawa Gotenyama		2,500	2,610	2,880	0.5
	Daiwa Nakano-Sakaue		2,750	2,937	2,300	0.6
Total for Greater Tokyo (9 properties)			80,638	78,883	97,070	17.4
Major Regional Cities	Daiwa Kitahama	Trust beneficiary interest in real estate	9,481	8,830	14,300	2.0
Total for Major Regional Cities (1 property)			9,481	8,830	14,300	2.0
Total (58 properties)			462,586	447,535	587,530	100.0

(Note 1) "Acquisition price" excludes acquisition costs, fixed property tax, city planning tax, consumption tax and local consumption tax. For Daiwa Nihonbashi Bakurocho, the acquisition price of the land for the property plus the building construction costs is shown.

(Note 2) "Carrying amount" is the book value after depreciation on the balance sheets as of November 30, 2023.

(Note 3) "Estimated price at end of period" is the price as of November 30, 2023, stated in appraisal reports prepared by real estate appraisers of Tanizawa Sogo Appraisal Co., Ltd., Daiwa Real Estate Appraisal Co., Ltd., JLL Morii Valuation & Advisory K.K. and Japan Real Estate Institute in accordance with the articles of incorporation of the Investment Corporation and the rules of The Investment Trusts Association, Japan.

(Note 4) "Investment ratio" is the acquisition price of each property expressed as a percentage of the total amount of acquisition prices, rounded to one decimal place.

(Note 5) For Daiwa A Hamamatsucho, Shinjuku Maynds Tower, Nihonbashi Central Square and CONCURRED Yokohama, the figures are those pertaining to the Investment Corporation's ownership interest.

(Note 6) The Investment Corporation plans to develop an office building on the property, and the developed and completed building is scheduled to be delivered by June 2024.

3.2.2. Summary of Building and Leasing of Investment Real Estate

Region	Property name	Structure and number of floors (Note 1)	Construction completion (Note 2)	Leasable floor area (m ²) (Note 3)	Leased floor area (m ²) (Note 4)	Total number of tenants (Note 5)	Occupancy rate (%) (Note 6)	Rent revenue during current period (Thousands of yen) (Note 7)
Five Central Wards of Tokyo	Daiwa Ginza	SRC B3/12F	July 1963	8,117.07	8,053.89	21	99.2	432,195
	Daiwa Ginza Annex	SRC B3/8F	Aug. 1972	2,032.11	1,787.63	6	87.9	88,437
	Daiwa Shibaura	SRC B1/12F	Oct. 1987	9,619.67	9,496.94	54	98.7	197,647
	Daiwa Sarugakucho (Note 8)	SRC 8F	June 1985	3,657.43	3,657.43	2	100.0	(Not disclosed)
	Daiwa A Hamamatsucho	SRC B2/10F	July 1993	3,663.38	3,663.38	12	100.0	136,840
	Daiwa Jingumae	RC B1/4F	Dec. 1997	2,198.61	2,198.61	4	100.0	85,231
	Daiwa Shibadaimon	SRC/RC B1/7F	Nov. 1996	2,386.48	2,386.48	8	100.0	106,562
	Daiwa Misakicho (Note 8)	S 8F	July 1996	2,137.53	2,137.53	1	100.0	(Not disclosed)
	Daiwa Tsukijiekimae	SRC 10F	Jan. 1996	2,659.59	2,384.18	8	89.6	44,362
	Daiwa Tsukiji	SRC B1/7F	Jan. 1990	1,487.44	1,487.44	6	100.0	51,066
	Daiwa Tsukishima	S 5F	July 1996	8,425.69	6,616.69	3	78.5	222,322
	Daiwa Nihonbashi Horidomecho	SRC B2/7F	Apr. 1993	2,848.91	2,848.91	6	100.0	90,207
	Daiwa Azabudai	SRC B2/9F	Apr. 1984	1,697.88	1,502.27	11	88.4	53,802
	Shinjuku Maynds Tower (Note 9)	S/SRC B3/34F	Sept. 1995	22,790.70	22,254.79	41	97.6	1,333,389
	Daiwa Kodenmachi	SRC 8F	Mar. 1985	2,379.31	2,379.31	8	100.0	67,081
	Daiwa Nishi-Shimbashi	SRC B1/10F	July 1993	4,815.84	4,815.84	10	100.0	186,540
	Daiwa Kayabacho (Note 8)	S/SRC B1/8F	Apr. 2010	5,899.11	5,899.11	1	100.0	(Not disclosed)
	Daiwa Jinbocho 3-chome	S 9F	Feb. 2010	2,889.34	2,889.34	8	100.0	111,244
	E SPACE TOWER	S/SRC B1/15F	Oct. 2002	13,960.84	13,960.84	15	100.0	807,572
	Daiwa Nihonbashi Hongokucho	S 8F	May 2010	2,143.08	1,855.37	5	86.5	67,952
	shinyon curumu	S/RC B2/11F	Jan. 2012	6,751.31	6,732.35	15	99.7	373,350
	Daiwa Akasaka	SRC B2/7F	Sept. 1990	8,752.21	8,752.21	17	100.0	363,509
	Daiwa Shibuya Miyamasuzaka	S B1/12F	Dec. 1988	6,328.28	6,328.28	9	100.0	313,802
	Daiwa Azabu Terrace	S/RC B1/6F	Sept. 2009	13,240.60	12,490.04	12	94.3	405,973
	Daiwa Ebisu 4-chome (Note 8)	SRC B1/9F	Dec. 1997	2,951.70	2,951.70	1	100.0	(Not disclosed)
	LAQUAS Higashi Shinjuku	S 10F	Aug. 2010	7,498.33	7,498.33	4	100.0	236,616
	Daiwa Aoyama	S/RC B1/7F	Nov. 2001	4,426.10	4,426.10	7	100.0	234,414
	Daiwa Shibuya Shinsen	RC B1/9F	Sept. 2001	2,674.97	2,674.97	5	100.0	98,940
	Daiwa Shibuya Square	S/SRC B1/11F	Feb. 2004	8,566.73	8,566.73	10	100.0	445,934
	Daiwa River Gate	S/SRC/RC B2/20F	Feb. 1994	32,045.98	29,299.53	94	91.4	990,476
	Daiwa Hatchobori ekimae	S/SRC B1/10F	Feb. 2006	2,622.42	2,327.60	9	88.7	81,632
	Daiwa Hatchobori ekimae West	SRC B1/9F	Feb. 1996	1,734.68	1,723.84	9	99.3	52,520
Daiwa Nishi-Shinjuku	SRC/RC/S B2/11F	Aug. 1991	6,967.61	6,535.51	6	93.7	342,368	
Kirin Nihonbashi (Note 8)	S/SRC 7F	Feb. 1999	5,630.17	5,630.17	1	100.0	(Not disclosed)	
Daiwa Higashi-Nihonbashi	S 7F	Mar. 2008	5,015.88	5,015.88	5	100.0	181,512	

Region	Property name	Structure and number of floors (Note 1)	Construction completion (Note 2)	Leasable floor area (m ²) (Note 3)	Leased floor area (m ²) (Note 4)	Total number of tenants (Note 5)	Occupancy rate (%) (Note 6)	Rent revenue during current period (Thousands of yen) (Note 7)
Five Central Wards of Tokyo	Daiwa Daikanyama (Note 8)	S 6F	Mar. 2001	1,642.83	1,642.83	1	100.0	(Not disclosed)
	Daiwa Shinjuku West	RC 4F	Mar. 1989	1,118.74	1,118.74	9	100.0	38,938
	Daiwa Kanda Mikuracho	SRC/S B1/7F	Jan. 1991	1,719.51	1,719.51	7	100.0	50,348
	Daiwa Kanda East	S 9F	Feb. 2005	3,980.56	3,980.56	5	100.0	142,926
	Daiwa Kandasudacho	S/RC B1/10F	Aug. 1990	2,211.60	2,211.60	9	100.0	64,897
	Daiwa Sasazuka Tower	SRC/RC/S B2/18F	Feb. 1993	16,158.16	16,158.16	7	100.0	470,734
	Daiwa Sasazuka	SRC/S B1/8F	Dec. 1991	3,828.95	3,828.95	9	100.0	103,687
	Daiwa Harumi	S B1/12F	Jan. 2008	11,227.10	11,227.10	8	100.0	360,553
	Daiwa Mita 2-Chome (Note 8)	S 8F	Mar. 2017	2,101.61	2,101.61	1	100.0	(Not disclosed)
	Nihonbashi Central Square (Note 10)	S 8F	Jan. 2010	1,837.05	1,442.65	8	78.5	84,337
	Daiwa Nihonbashi Bakurocho	S 10F	Nov. 2022	3,677.63	3,677.63	5	100.0	98,471
	Daiwa Kandabashi	S B1/10F	Aug. 2009	1,224.00	1,224.00	12	100.0	43,058
	Kandasudacho 2-Chome Development Site (land) (Note 11)	—	—	—	—	—	—	—
	Total for Five Central Wards of Tokyo (48 properties)				271,744.72	263,562.56	515	96.9
Greater Tokyo	Daiwa Higashi-Ikebukuro	SRC/S B1/9F	June 1993	4,462.28	4,462.28	8	100.0	130,304
	Daiwa Shinagawa North	SRC B1/11F	July 1991	6,546.03	6,546.03	14	100.0	209,213
	Daiwa Kamiooka	S/SRC B3/7F	May 2011	2,630.30	2,630.30	9	100.0	94,538
	Daiwa Ogikubo Tower (Note 12)	S/SRC B2/18F	June 1993	17,778.14	17,778.14	10	100.0	709,350
	Daiwa Meguro Square	S/SRC B2/14F	July 2009	3,519.50	3,519.50	18	100.0	149,311
	Daiwa Ogikubo	SRC B1/7F	Nov. 1990	3,849.63	3,849.63	12	100.0	133,919
	CONCURRED Yokohama (Note 13)	S/SRC B1/20F	Feb. 2008	28,052.98	28,052.98	38	100.0	1,097,261
	Daiwa Shinagawa Gotenyama	SRC/S 8F	July 1992	2,396.96	2,396.96	6	100.0	78,695
	Daiwa Nakano-Sakaue	SRC B1/8F	Jan. 1995	2,716.92	2,716.92	6	100.0	66,136
Total for Greater Tokyo (9 properties)				71,952.74	71,952.74	121	100.0	2,668,732
Major Regional Cities	Daiwa Kitahama	S/SRC B1/16F	Feb. 2008	13,517.62	13,517.62	7	100.0	401,591
Total for Major Regional Cities (1 property)				13,517.62	13,517.62	7	100.0	401,591
Total (58 properties)				357,215.08	349,032.92	643	97.7	13,604,055

(Note 1) “Structure and number of floors” are the entries in the real estate registry of the building of the applicable investment real estate property. “S” refers to steel-framed structure, “RC” refers to reinforced concrete structure, “SRC” refers to steel-framed reinforced concrete structure, “B” refers to floors below ground and “F” refers to floors above ground.

(Note 2) “Construction completion” is the entry in the real estate registry of the building of the applicable investment real estate property.

(Note 3) “Leasable floor area” represents the floor area of the building of the applicable property that is leasable, not including the leasable area of the land (including level parking space), and is the floor area indicated in the lease contract, etc. as of November 30, 2023.

(Note 4) “Leased floor area” is the sum total of the floor area that is actually leased based on lease agreements, etc. executed with end tenants as of November 30, 2023.

- (Note 5) “Total number of tenants” is the number of end tenants. When there is a tenant occupying multiple buildings, the concerned tenant is counted and stated for each individual building.
- (Note 6) “Occupancy rate” is the figure arrived at when leased floor area is divided by leasable floor area, rounded down to one decimal place.
- (Note 7) “Rent revenue during current period” is rent income, common area charges income, parking lot income and other income generated from the applicable investment real estate property (excluding other lease business revenue) during the 36th Fiscal Period, rounded down to the nearest thousand yen.
- (Note 8) Not shown for such reasons as consent was not obtained from major tenants to disclose the rent revenue during current period for the properties.
- (Note 9) The real estate in trust pertaining to trust beneficiary interest held by the Investment Corporation is the co-ownership interest corresponding to three-sevenths of the entire property. Accordingly, leasable floor area and leased floor area are the floor areas corresponding to three-sevenths of the entire building.
- (Note 10) The real estate in trust pertaining to trust beneficiary interest held by the Investment Corporation is the compartmentalized ownership building. Of the rent revenue, the Investment Corporation’s ownership ratio of revenue from the master lease business (rent income, etc.) is 183,715/301,220, based on the agreement, etc. among the compartmentalized co-owners of the property. Leasable floor area and leased floor area are figures corresponding to 183,715/301,220 of the area subject to the business while total number of tenants and occupancy rate are figures for the entirety of the area subject to the business.
- (Note 11) The Investment Corporation currently owns only the land as the development site, and is proceeding with the development of an office building on the property.
- (Note 12) The buildings consist of three registrations. Of these, the details of the major building are shown here.
- (Note 13) The real estate in trust pertaining to trust beneficiary interest held by the Investment Corporation is the quasi co-ownership interest corresponding to 75% of the entire property. Accordingly, leasable floor area and leased floor area are the floor areas corresponding to 75% of the entire building.

3.2.3. Capital Expenditures for Assets Under Management

A. Scheduled Capital Expenditures

The following are the principal capital expenditures arising from renovation construction work, etc. currently planned for existing portfolio properties. Please note that the expected construction amount includes portions that are expensed as a separate account item of accounting costs.

Name of real estate properties (Location)	Purpose	Scheduled implementation period	Estimated construction cost (Millions of yen)		
			Total amount	Amount paid during current period	Total amount already paid
CONCURRED Yokohama (Yokohama-shi, Kanagawa)	Conversion to LED lighting at exclusive and common areas	From: Dec. 2023 To: May 2024	104	—	—
Daiwa Sasazuka Tower (Shibuya-ku, Tokyo)	Renewal of window cleaner platform	From: Dec. 2023 To: May 2024	63	—	—
Daiwa Shibuya Shinsen (Shibuya-ku, Tokyo)	Repair of exterior walls	From: Dec. 2023 To: May 2024	61	—	—
Daiwa River Gate (Chuo-ku, Tokyo)	Renovation of elevators	From: Dec. 2023 To: May 2024	59	—	—
Daiwa Sasazuka (Shibuya-ku, Tokyo)	Renovation of elevators	From: Dec. 2023 To: May 2024	51	—	—

B. Capital Expenditures During the 36th Fiscal Period

The following summarizes the primary construction work that constitutes capital expenditures implemented during the 36th Fiscal Period for existing portfolio properties. Capital expenditures for the 36th Fiscal Period amounted to 994 million yen and, when combined with the 319 million yen in repair expenses charged to the 36th Fiscal Period expenses, totals 1,314 million yen in construction work implemented.

Name of real estate properties (Location)	Purpose	Period	Construction amount paid (Millions of yen)
Daiwa Kanda East (Chiyoda-ku, Tokyo)	Upgrading of air-conditioning facilities	From: June 2023 To: Nov. 2023	169
Daiwa Shibuya Square (Shibuya-ku, Tokyo)	Upgrading of air-conditioning facilities	From: June 2023 To: June 2023	95
Daiwa Ogikubo Tower (Suginami-ku, Tokyo)	Renewal of window cleaner platform	From: Sept. 2023 To: Nov. 2023	89
Other			640
Total			994

C. Reserve Amount for Long-Term Repair Plans (Reserve for Repairs)

The Investment Corporation sets aside the following reserve for repairs from cash flows during the fiscal period for the payment of future major repairs.

(Unit: Millions of yen)

Fiscal period	32nd Fiscal Period [From: June 1, 2021 To: Nov. 30, 2021]	33rd Fiscal Period [From: Dec. 1, 2021 To: May 31, 2022]	34th Fiscal Period [From: June 1, 2022 To: Nov. 30, 2022]	35th Fiscal Period [From: Dec. 1, 2022 To: May 31, 2023]	36th Fiscal Period [From: June 1, 2023 To: Nov. 30, 2023]
Balance of reserve at beginning of current period	2,190	1,225	1,619	1,402	1,623
Amount of reserve in current period	—	744	98	1,377	1,336
Reversal of reserve in current period	965	351	316	1,156	1,041
Amount carried forward to next period	1,225	1,619	1,402	1,623	1,919

3.2.4. Summary of Estimated Price at End of Period (As of November 30, 2023)

Property name	Estimated price at end of period (Millions of yen) (Note 1)	Summary of Appraisal Report				
		Direct capitalization method		DCF method		
		Price (Millions of yen)	Cap rate (%)	Price (Millions of yen)	Discount rate (%)	Terminal cap rate (%)
Daiwa Ginza	15,400	15,300	3.6	15,400	3.1	3.8
Daiwa Ginza Annex	3,340	3,360	3.6	3,310	3.1	3.8
Daiwa Shibaura	8,640	8,770	3.7	8,590	3.5	3.9
Daiwa Sarugakucho	4,350	4,420	4.1	4,280	3.9	4.3
Daiwa A Hamamatsucho (Note 2)	3,980	4,080	3.5	3,940	3.3	3.7
Daiwa Jingumae	3,250	3,300	3.5	3,200	3.3	3.7
Daiwa Shibadaimon	4,220	4,280	3.3	4,190	3.1	3.5
Daiwa Misakicho	3,190	3,250	3.6	3,170	3.4	3.8
Daiwa Tsukijiekimae (Note 3)	2,430	2,460	3.9	2,420	3.9	4.1
Daiwa Tsukiji	1,780	1,810	3.7	1,770	3.7	3.9
Daiwa Tsukishima	10,200	10,400	3.8	10,100	3.5	4.0
Daiwa Nihonbashi Horidomecho	3,120	3,180	3.8	3,060	3.6	4.0
Daiwa Azabudai	2,000	2,030	3.7	1,960	3.5	3.9
Shinjuku Maynds Tower (Note 4)	64,700	157,000	3.0	148,000	2.8	3.2
Daiwa Kodenmacho	2,460	2,500	3.9	2,410	3.7	4.1
Daiwa Nishi-Shimbashi	7,550	7,720	3.3	7,480	3.1	3.5
Daiwa Kayabacho	8,750	8,930	3.1	8,670	2.9	3.3
Daiwa Jinbocho 3-chome	5,550	5,690	3.1	5,490	2.9	3.3
E SPACE TOWER	38,700	39,100	2.8	38,200	2.6	2.9
Daiwa Nihonbashi Hongokucho	2,880	2,920	3.7	2,860	3.5	3.9
shinyon curumu	17,500	17,800	3.0	17,300	2.8	3.2
Daiwa Akasaka	16,400	16,800	3.0	16,200	2.8	3.2
Daiwa Shibuya Miyamasuzaka	13,100	13,200	3.1	13,000	2.9	3.2
Daiwa Azabu Terrace	18,900	19,100	3.3	18,600	3.1	3.4
Daiwa Ebisu 4-chome	6,780	6,810	3.4	6,770	3.5	3.6
LAQUAS Higashi Shinjuku	11,900	12,300	3.1	11,700	2.9	3.3
Daiwa Aoyama	12,800	13,200	3.0	12,600	2.8	3.2
Daiwa Shibuya Shinsen	6,680	6,910	3.1	6,580	2.9	3.3
Daiwa Shibuya Square	23,500	23,600	3.1	23,300	2.9	3.2
Daiwa River Gate	35,900	36,100	3.4	35,600	3.2	3.5
Daiwa Hatchobori ekimae	3,500	3,580	3.2	3,460	3.0	3.4
Daiwa Hatchobori ekimae West	2,080	2,140	3.3	2,050	3.1	3.5
Daiwa Nishi-Shinjuku	17,100	17,600	3.1	16,900	2.9	3.3
Kirin Nihonbashi	8,470	8,540	3.5	8,390	3.3	3.6
Daiwa Higashi-Nihonbashi	7,540	7,710	3.6	7,460	3.4	3.8
Daiwa Daikanyama (Note 5)	3,780	3,840	3.0	3,750	3.0	3.2

Property name	Estimated price at end of period (Millions of yen) (Note 1)	Summary of Appraisal Report				
		Direct capitalization method		DCF method		
		Price (Millions of yen)	Cap rate (%)	Price (Millions of yen)	Discount rate (%)	Terminal cap rate (%)
Daiwa Shinjuku West	1,330	1,350	3.6	1,320	3.4	3.8
Daiwa Kanda Mikuracho	1,900	1,950	3.6	1,880	3.6	3.8
Daiwa Kanda East	5,960	6,020	3.2	5,900	3.0	3.3
Daiwa Kandasudacho	2,960	2,970	3.4	2,960	3.4	3.6
Daiwa Sasazuka Tower	15,000	15,400	3.7	14,800	3.5	3.9
Daiwa Sasazuka	3,750	3,850	3.8	3,700	3.6	4.0
Daiwa Harumi	12,800	12,900	3.5	12,600	3.5	3.7
Daiwa Mita 2-Chome	4,310	4,350	3.5	4,260	3.3	3.6
Nihonbashi Central Square (Note 6)	3,940	4,100	3.3	3,870	3.1	3.5
Daiwa Nihonbashi Bakurocho	7,040	7,190	3.4	6,880	3.2	3.6
Daiwa Kandabashi	2,150	2,230	3.2	2,120	3.0	3.4
Kandasudacho 2-Chome Development Site (land) (Note 7)	12,600	—	—	—	—	—
Daiwa Higashi-Ikebukuro	4,370	4,430	3.9	4,350	3.7	4.1
Daiwa Shinagawa North	6,320	6,440	4.0	6,190	3.8	4.2
Daiwa Kamiooka	2,920	2,950	4.3	2,910	4.1	4.5
Daiwa Ogikubo Tower	23,900	24,100	3.5	23,800	3.3	3.7
Daiwa Meguro Square	7,410	7,620	3.3	7,320	3.1	3.5
Daiwa Ogikubo	5,070	5,150	3.7	5,030	3.5	3.9
CONCURRED Yokohama (Note 8)	41,900	43,000	4.0	41,400	3.8	4.2
Daiwa Shinagawa Gotenyama	2,880	2,920	3.8	2,860	3.6	4.0
Daiwa Nakano-Sakaue	2,300	2,350	3.8	2,280	3.5	4.0
Daiwa Kitahama	14,300	14,600	3.5	14,100	3.3	3.7
Total	587,530	675,600	—	652,690	—	—

(Note 1) “Estimated price at end of period” is the price as of November 30, 2023, stated in appraisal reports prepared by real estate appraisers of Tanizawa Sogo Appraisal Co., Ltd., Daiwa Real Estate Appraisal Co., Ltd., JLL Morii Valuation & Advisory K.K. and Japan Real Estate Institute in accordance with the articles of incorporation of the Investment Corporation and the rules of The Investment Trusts Association, Japan.

(Note 2) For Daiwa A Hamamatsucho, the prices are those pertaining to the Investment Corporation’s ownership interest.

(Note 3) Discount rate for Daiwa Tsukijiekimae is the figure after the fourth fiscal year (3.8% for the first to the third fiscal year).

(Note 4) For Shinjuku Maynds Tower, the estimated price at end of period is the price pertaining to the Investment Corporation’s ownership interest, and the price indicated by the direct capitalization method and price indicated by the DCF method are the prices pertaining to the entire property.

(Note 5) Discount rate for Daiwa Daikanyama is the figure for the eleventh fiscal year (3.1% up to the tenth fiscal year).

(Note 6) For Nihonbashi Central Square, the prices are those pertaining to the Investment Corporation’s ownership interest.

(Note 7) For Kandasudacho 2-Chome Development Site (land), the estimated price at end of period is the income approach value indicated by the capitalization method (development leasing-type).

(Note 8) For CONCURRED Yokohama, the prices are those pertaining to the Investment Corporation’s ownership interest.

3.2.5. Status of Income (Loss), Etc. of Individual Properties

The following table lists the status of income (loss), etc. of each property for the 36th Fiscal Period (from June 1, 2023 to November 30, 2023). Income (loss) information is presented in accordance with “2. Financial Statements; (2.7.) Notes to Significant Accounting Policies” outlined earlier.

Region		Five Central Wards of Tokyo				
Property name		Daiwa Ginza	Daiwa Ginza Annex	Daiwa Shibaura	Daiwa Sarugakucho (Note 3)	Daiwa A Hamamatsucho
Acquisition date		Oct. 2005	Oct. 2005	Oct. 2005	Oct. 2005	Oct. 2005
Price information	Acquisition price (Millions of yen)	14,100	3,050	8,265	3,190	2,865
	Investment ratio (%)	3.0	0.7	1.8	0.7	0.6
	Carrying amount (Millions of yen)	12,664	2,754	7,931	3,026	2,645
	Estimated price at end of period (Millions of yen)	15,400	3,340	8,640	4,350	3,980
Leasing information	Total number of tenants (Note 1)	21	6	54	2	12
	Leasable floor area (m ²)	8,117.07	2,032.11	9,619.67	3,657.43	3,663.38
	Leased floor area (m ²)	8,053.89	1,787.63	9,496.94	3,657.43	3,663.38
	Occupancy rate (%)					
	End of Nov. 2021	99.8	100.0	99.5	100.0	100.0
	End of May 2022	99.8	100.0	99.5	100.0	100.0
	End of Nov. 2022	99.2	100.0	89.8	100.0	100.0
End of May 2023	99.2	100.0	89.8	100.0	100.0	
End of Nov. 2023	99.2	87.9	98.7	100.0	100.0	
Income (loss) information	Number of days of asset management	183	183	183	183	183
	Total property leasing revenue (A) (Thousands of yen)	432,195	88,437	199,636	(Not disclosed)	136,840
	Rent revenue – real estate	432,195	88,437	197,647	(Not disclosed)	136,840
	Other lease business revenue	—	—	1,988	(Not disclosed)	—
	Total property leasing expenses (B) (Thousands of yen)	160,007	42,085	106,939	(Not disclosed)	73,866
	Consignment expenses	21,908	5,727	23,428	(Not disclosed)	10,201
	Utilities expenses	27,978	5,873	16,395	(Not disclosed)	8,755
	Taxes and dues	38,697	12,906	22,389	(Not disclosed)	9,743
	Non-life insurance expenses	658	152	605	(Not disclosed)	288
	Repair expenses	7,446	7,989	5,607	(Not disclosed)	1,034
	Depreciation (C)	43,735	9,436	38,513	(Not disclosed)	14,442
	Other lease business expenses	19,583	—	—	(Not disclosed)	29,400
	Operating income (loss) from property leasing (D) [(A) – (B)] (Thousands of yen)	272,187	46,352	92,696	(Not disclosed)	62,973
NOI (E) [(D) + (C)] (Thousands of yen)	315,923	55,788	131,209	85,638	77,416	
Capital expenditures (F) (Thousands of yen)	980	270	17,422	6,333	1,869	
NCF [(E) – (F)] (Thousands of yen)	314,943	55,518	113,786	79,305	75,547	
Reference information	Expense rate (%) [(B) ÷ (A)]	37.02	47.59	53.57	(Not disclosed)	53.98
	Annual amount of fixed property tax, etc. for fiscal 2023 (Thousands of yen)	77,380	25,667	44,226	15,397	19,379
	Estimated long-term repair expenses (Thousands of yen) (Note 2)	785,230	203,990	302,630	96,757	103,380

Region		Five Central Wards of Tokyo				
Property name		Daiwa Jingumae	Daiwa Shibadaimon	Daiwa Misakicho (Note 3)	Daiwa Tsukijiekimae	Daiwa Tsukiji
Acquisition date		Oct. 2005	Oct. 2005	Oct. 2005	Jan. 2006	Jan. 2006
Price information	Acquisition price (Millions of yen)	2,800	2,578	2,346	1,560	1,240
	Investment ratio (%)	0.6	0.6	0.5	0.3	0.3
	Carrying amount (Millions of yen)	2,628	2,309	2,058	1,222	1,143
	Estimated price at end of period (Millions of yen)	3,250	4,220	3,190	2,430	1,780
Leasing information	Total number of tenants (Note 1)	4	8	1	8	6
	Leasable floor area (m ²)	2,198.61	2,386.48	2,137.53	2,659.59	1,487.44
	Leased floor area (m ²)	2,198.61	2,386.48	2,137.53	2,384.18	1,487.44
	Occupancy rate (%)					
	End of Nov. 2021	100.0	100.0	100.0	100.0	100.0
	End of May 2022	100.0	84.7	100.0	100.0	100.0
	End of Nov. 2022	100.0	100.0	100.0	100.0	100.0
	End of May 2023	100.0	100.0	100.0	89.6	100.0
End of Nov. 2023	100.0	100.0	100.0	89.6	100.0	
Income (loss) information	Number of days of asset management	183	183	183	183	183
	Total property leasing revenue (A) (Thousands of yen)	85,231	106,562	(Not disclosed)	44,362	53,210
	Rent revenue – real estate	85,231	106,562	(Not disclosed)	44,362	51,066
	Other lease business revenue	—	—	(Not disclosed)	—	2,143
	Total property leasing expenses (B) (Thousands of yen)	25,777	33,726	(Not disclosed)	41,024	20,756
	Consignment expenses	4,076	7,090	(Not disclosed)	14,508	3,771
	Utilities expenses	3,852	6,861	(Not disclosed)	3,951	2,750
	Taxes and dues	7,593	7,276	(Not disclosed)	5,572	4,463
	Non-life insurance expenses	130	188	(Not disclosed)	157	95
	Repair expenses	894	1,604	(Not disclosed)	2,173	1,079
	Depreciation (C)	9,222	10,704	(Not disclosed)	14,643	8,595
	Other lease business expenses	7	—	(Not disclosed)	18	—
	Operating income (loss) from property leasing (D) [(A) – (B)] (Thousands of yen)	59,454	72,835	(Not disclosed)	3,338	32,453
NOI (E) [(D) + (C)] (Thousands of yen)	68,676	83,540	63,442	17,982	41,049	
Capital expenditures (F) (Thousands of yen)	1,013	1,708	3,282	38,520	3,324	
NCF [(E) – (F)] (Thousands of yen)	67,662	81,832	60,159	(20,537)	37,725	
Reference information	Expense rate (%) [(B) ÷ (A)]	30.24	31.65	(Not disclosed)	92.47	39.01
	Annual amount of fixed property tax, etc. for fiscal 2023 (Thousands of yen)	15,187	14,216	11,702	11,104	8,867
	Estimated long-term repair expenses (Thousands of yen) (Note 2)	99,700	87,656	114,585	79,450	97,348

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Region		Five Central Wards of Tokyo				
Property name		Daiwa Tsukishima	Daiwa Nihonbashi Horidomecho	Daiwa Azabudai	Shinjuku Maynds Tower	Daiwa Kodenmacho
Acquisition date		Mar. 2006	May 2006	May 2006	July 2007 and Nov. 2007	Aug. 2007
Price information	Acquisition price (Millions of yen)	7,840	2,520	1,600	66,900	2,460
	Investment ratio (%)	1.7	0.5	0.3	14.5	0.5
	Carrying amount (Millions of yen)	6,351	2,312	1,466	62,665	2,340
	Estimated price at end of period (Millions of yen)	10,200	3,120	2,000	64,700	2,460
Leasing information	Total number of tenants (Note 1)	3	6	11	41	8
	Leasable floor area (m ²)	8,425.69	2,848.91	1,697.88	22,790.70	2,379.31
	Leased floor area (m ²)	6,616.69	2,848.91	1,502.27	22,254.79	2,379.31
	Occupancy rate (%)					
	End of Nov. 2021	100.0	100.0	100.0	98.0	100.0
	End of May 2022	100.0	100.0	100.0	92.5	86.8
	End of Nov. 2022	78.5	100.0	100.0	93.4	100.0
End of May 2023	78.5	100.0	100.0	95.1	100.0	
End of Nov. 2023	78.5	100.0	88.4	97.6	100.0	
Income (loss) information	Number of days of asset management	183	183	183	183	183
	Total property leasing revenue (A) (Thousands of yen)	222,322	90,207	53,802	1,333,389	67,081
	Rent revenue – real estate	222,322	90,207	53,802	1,333,389	67,081
	Other lease business revenue	–	–	–	–	–
	Total property leasing expenses (B) (Thousands of yen)	99,254	34,235	24,714	587,147	28,612
	Consignment expenses	11,627	4,912	5,363	89,125	5,418
	Utilities expenses	11,892	6,013	2,667	131,254	4,997
	Taxes and dues	15,965	7,466	5,507	144,490	4,124
	Non-life insurance expenses	455	202	117	2,964	145
	Repair expenses	2,264	1,359	2,706	24,151	3,206
	Depreciation (C)	57,048	14,281	8,352	193,635	9,896
	Other lease business expenses	–	–	–	1,525	822
	Operating income (loss) from property leasing (D) [(A) – (B)] (Thousands of yen)	123,068	55,971	29,087	746,242	38,469
NOI (E) [(D) + (C)] (Thousands of yen)	180,117	70,253	37,440	939,877	48,366	
Capital expenditures (F) (Thousands of yen)	1,608	2,266	4,292	24,511	615	
NCF [(E) – (F)] (Thousands of yen)	178,509	67,986	33,147	915,366	47,750	
Reference information	Expense rate (%) [(B) ÷ (A)]	44.64	37.95	45.94	44.03	42.65
	Annual amount of fixed property tax, etc. for fiscal 2023 (Thousands of yen)	31,930	14,752	10,993	286,186	8,248
	Estimated long-term repair expenses (Thousands of yen) (Note 2)	136,680	147,575	110,990	5,834,950	84,051

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Region		Five Central Wards of Tokyo				
Property name		Daiwa Nishi-Shimbashi	Daiwa Kayabacho (Note 3)	Daiwa Jinbocho 3-chome	E SPACE TOWER	Daiwa Nihonbashi Hongokucho
Acquisition date		Aug. 2010	Mar. 2011	Mar. 2011	July 2011	May 2012
Price information	Acquisition price (Millions of yen)	5,000	5,600	3,550	24,000	1,721
	Investment ratio (%)	1.1	1.2	0.8	5.2	0.4
	Carrying amount (Millions of yen)	4,487	4,996	3,159	23,270	1,449
	Estimated price at end of period (Millions of yen)	7,550	8,750	5,550	38,700	2,880
Leasing information	Total number of tenants (Note 1)	10	1	8	15	5
	Leasable floor area (m ²)	4,815.84	5,899.11	2,889.34	13,960.84	2,143.08
	Leased floor area (m ²)	4,815.84	5,899.11	2,889.34	13,960.84	1,855.37
	Occupancy rate (%)					
	End of Nov. 2021	100.0	100.0	100.0	100.0	100.0
	End of May 2022	100.0	100.0	100.0	100.0	100.0
	End of Nov. 2022	100.0	100.0	100.0	100.0	100.0
	End of May 2023	100.0	100.0	100.0	96.3	86.5
End of Nov. 2023	100.0	100.0	100.0	100.0	86.5	
Income (loss) information	Number of days of asset management	183	183	183	183	183
	Total property leasing revenue (A) (Thousands of yen)	186,540	(Not disclosed)	111,244	807,572	67,952
	Rent revenue – real estate	186,540	(Not disclosed)	111,244	807,572	67,952
	Other lease business revenue	–	(Not disclosed)	–	–	–
	Total property leasing expenses (B) (Thousands of yen)	90,192	(Not disclosed)	55,740	272,225	29,382
	Consignment expenses	16,455	(Not disclosed)	12,338	59,856	5,698
	Utilities expenses	11,728	(Not disclosed)	9,443	60,220	4,021
	Taxes and dues	17,591	(Not disclosed)	10,719	68,265	4,808
	Non-life insurance expenses	403	(Not disclosed)	200	1,013	123
	Repair expenses	4,792	(Not disclosed)	3,005	8,864	1,294
	Depreciation (C)	39,215	(Not disclosed)	20,033	73,932	13,438
	Other lease business expenses	6	(Not disclosed)	–	72	–
	Operating income (loss) from property leasing (D) [(A) – (B)] (Thousands of yen)	96,347	(Not disclosed)	55,503	535,347	38,569
NOI (E) [(D) + (C)] (Thousands of yen)	135,562	142,094	75,537	609,279	52,007	
Capital expenditures (F) (Thousands of yen)	16,440	735	–	64,915	–	
NCF [(E) – (F)] (Thousands of yen)	119,122	141,358	75,537	544,364	52,007	
Reference information	Expense rate (%) [(B) ÷ (A)]	48.35	(Not disclosed)	50.11	33.71	43.24
	Annual amount of fixed property tax, etc. for fiscal 2023 (Thousands of yen)	34,925	27,074	21,400	136,489	9,603
	Estimated long-term repair expenses (Thousands of yen) (Note 2)	178,710	138,850	98,780	696,050	75,395

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Region		Five Central Wards of Tokyo				
Property name		shinyon curumu	Daiwa Akasaka	Daiwa Shibuya Miyamasuzaka	Daiwa Azabu Terrace	Daiwa Ebisu 4-chome (Note 3)
Acquisition date		Dec. 2012 and Apr. 2013	Aug. 2013	Sept. 2013	July 2014	Dec. 2014
Price information	Acquisition price (Millions of yen)	9,650	9,200	7,000	14,000	4,135
	Investment ratio (%)	2.1	2.0	1.5	3.0	0.9
	Carrying amount (Millions of yen)	9,342	9,886	7,150	13,650	4,122
	Estimated price at end of period (Millions of yen)	17,500	16,400	13,100	18,900	6,780
Leasing information	Total number of tenants (Note 1)	15	17	9	12	1
	Leasable floor area (m ²)	6,751.31	8,752.21	6,328.28	13,240.60	2,951.70
	Leased floor area (m ²)	6,732.35	8,752.21	6,328.28	12,490.04	2,951.70
	Occupancy rate (%)					
	End of Nov. 2021	100.0	82.0	99.2	100.0	100.0
	End of May 2022	100.0	82.0	100.0	93.9	100.0
	End of Nov. 2022	100.0	95.5	100.0	84.2	100.0
	End of May 2023	99.7	100.0	100.0	87.5	100.0
End of Nov. 2023	99.7	100.0	100.0	94.3	100.0	
Income (loss) information	Number of days of asset management	183	183	183	183	183
	Total property leasing revenue (A) (Thousands of yen)	373,350	366,984	313,802	409,723	(Not disclosed)
	Rent revenue – real estate	373,350	363,509	313,802	405,973	(Not disclosed)
	Other lease business revenue	–	3,474	–	3,750	(Not disclosed)
	Total property leasing expenses (B) (Thousands of yen)	160,398	167,241	90,230	181,797	(Not disclosed)
	Consignment expenses	23,832	27,582	16,963	30,268	(Not disclosed)
	Utilities expenses	27,875	28,259	17,692	48,259	(Not disclosed)
	Taxes and dues	39,465	38,066	26,108	36,328	(Not disclosed)
	Non-life insurance expenses	504	646	478	932	(Not disclosed)
	Repair expenses	29,612	10,036	2,716	11,085	(Not disclosed)
	Depreciation (C)	39,108	62,649	26,247	54,921	(Not disclosed)
	Other lease business expenses	0	–	24	–	(Not disclosed)
	Operating income (loss) from property leasing (D) [(A) – (B)] (Thousands of yen)	212,951	199,742	223,572	227,925	(Not disclosed)
NOI (E) [(D) + (C)] (Thousands of yen)	252,060	262,392	249,819	282,847	109,535	
Capital expenditures (F) (Thousands of yen)	4,798	9,795	2,207	72,380	11,337	
NCF [(E) – (F)] (Thousands of yen)	247,261	252,597	247,612	210,466	98,198	
Reference information	Expense rate (%) [(B) ÷ (A)]	42.96	45.57	28.75	44.37	(Not disclosed)
	Annual amount of fixed property tax, etc. for fiscal 2023 (Thousands of yen)	78,901	76,064	52,166	72,345	21,109
	Estimated long-term repair expenses (Thousands of yen) (Note 2)	301,626	277,846	591,581	491,112	98,692

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Region		Five Central Wards of Tokyo				
Property name		LAQUAS Higashi Shinjuku	Daiwa Aoyama	Daiwa Shibuya Shinsen	Daiwa Shibuya Square	Daiwa River Gate
Acquisition date		Dec. 2014	Mar. 2015	Mar. 2015	May 2015	June 2015
Price information	Acquisition price (Millions of yen)	8,450	9,800	4,800	16,000	28,000
	Investment ratio (%)	1.8	2.1	1.0	3.5	6.1
	Carrying amount (Millions of yen)	8,183	9,900	4,911	15,925	27,407
	Estimated price at end of period (Millions of yen)	11,900	12,800	6,680	23,500	35,900
Leasing information	Total number of tenants (Note 1)	4	7	5	10	94
	Leasable floor area (m ²)	7,498.33	4,426.10	2,674.97	8,566.73	32,045.98
	Leased floor area (m ²)	7,498.33	4,426.10	2,674.97	8,566.73	29,299.53
	Occupancy rate (%)					
	End of Nov. 2021	100.0	100.0	100.0	96.8	92.6
	End of May 2022	100.0	100.0	100.0	100.0	99.4
	End of Nov. 2022	100.0	100.0	67.5	100.0	99.7
	End of May 2023	100.0	100.0	100.0	100.0	99.0
End of Nov. 2023	100.0	100.0	100.0	100.0	91.4	
Income (loss) information	Number of days of asset management	183	183	183	183	183
	Total property leasing revenue (A) (Thousands of yen)	236,616	234,414	98,940	452,370	1,014,647
	Rent revenue – real estate	236,616	234,414	98,940	445,934	990,476
	Other lease business revenue	—	—	—	6,436	24,170
	Total property leasing expenses (B) (Thousands of yen)	92,682	71,641	40,767	132,577	480,700
	Consignment expenses	11,086	25,095	7,293	17,738	93,660
	Utilities expenses	18,607	8,093	6,619	20,326	107,248
	Taxes and dues	22,566	17,513	9,238	31,272	105,163
	Non-life insurance expenses	466	234	183	575	2,772
	Repair expenses	4,818	1,644	455	29,722	22,140
	Depreciation (C)	34,978	19,060	16,977	32,941	149,716
	Other lease business expenses	158	—	—	—	—
	Operating income (loss) from property leasing (D) [(A) – (B)] (Thousands of yen)	143,933	162,772	58,173	319,793	533,946
NOI (E) [(D) + (C)] (Thousands of yen)	178,911	181,832	75,150	352,735	683,663	
Capital expenditures (F) (Thousands of yen)	23,534	7,291	12,956	123,094	75,953	
NCF [(E) – (F)] (Thousands of yen)	155,377	174,541	62,194	229,641	607,709	
Reference information	Expense rate (%) [(B) ÷ (A)]	39.17	30.56	41.20	29.31	47.38
	Annual amount of fixed property tax, etc. for fiscal 2023 (Thousands of yen)	44,943	34,986	18,277	62,230	205,855
	Estimated long-term repair expenses (Thousands of yen) (Note 2)	162,700	175,290	178,610	234,380	2,001,250

Region		Five Central Wards of Tokyo				
Property name		Daiwa Hatchobori ekimae	Daiwa Hatchobori ekimae West	Daiwa Nishi-Shinjuku	Kirin Nihonbashi (Note 3)	Daiwa Higashi-Nihonbashi
Acquisition date		Sept. 2015	Sept. 2015	Mar. 2016	May 2016	June 2016
Price information	Acquisition price (Millions of yen)	2,871	1,647	13,710	8,180	6,370
	Investment ratio (%)	0.6	0.4	3.0	1.8	1.4
	Carrying amount (Millions of yen)	2,872	1,694	13,861	8,236	6,162
	Estimated price at end of period (Millions of yen)	3,500	2,080	17,100	8,470	7,540
Leasing information	Total number of tenants (Note 1)	9	9	6	1	5
	Leasable floor area (m ²)	2,622.42	1,734.68	6,967.61	5,630.17	5,015.88
	Leased floor area (m ²)	2,327.60	1,723.84	6,535.51	5,630.17	5,015.88
	Occupancy rate (%)					
	End of Nov. 2021	100.0	100.0	100.0	100.0	100.0
	End of May 2022	100.0	100.0	100.0	100.0	100.0
	End of Nov. 2022	100.0	100.0	100.0	100.0	100.0
	End of May 2023	100.0	100.0	93.7	100.0	100.0
End of Nov. 2023	88.7	99.3	93.7	100.0	100.0	
Income (loss) information	Number of days of asset management	183	183	183	183	183
	Total property leasing revenue (A) (Thousands of yen)	81,632	52,520	342,368	(Not disclosed)	181,512
	Rent revenue – real estate	81,632	52,520	342,368	(Not disclosed)	181,512
	Other lease business revenue	–	–	–	(Not disclosed)	–
	Total property leasing expenses (B) (Thousands of yen)	47,410	18,676	107,227	(Not disclosed)	64,898
	Consignment expenses	12,106	4,526	18,232	(Not disclosed)	7,509
	Utilities expenses	7,713	3,080	20,901	(Not disclosed)	12,901
	Taxes and dues	9,864	4,693	43,585	(Not disclosed)	12,409
	Non-life insurance expenses	199	102	486	(Not disclosed)	320
	Repair expenses	7,535	800	2,177	(Not disclosed)	2,607
	Depreciation (C)	9,990	5,472	21,844	(Not disclosed)	29,150
	Other lease business expenses	–	–	–	(Not disclosed)	–
	Operating income (loss) from property leasing (D) [(A) – (B)] (Thousands of yen)	34,222	33,843	235,141	(Not disclosed)	116,614
NOI (E) [(D) + (C)] (Thousands of yen)	44,213	39,316	256,985	158,018	145,764	
Capital expenditures (F) (Thousands of yen)	3,115	104	2,774	4,160	28,013	
NCF [(E) – (F)] (Thousands of yen)	41,098	39,211	254,211	153,858	117,751	
Reference information	Expense rate (%) [(B) ÷ (A)]	58.08	35.56	31.32	(Not disclosed)	35.75
	Annual amount of fixed property tax, etc. for fiscal 2023 (Thousands of yen)	19,536	9,323	86,828	23,444	24,622
	Estimated long-term repair expenses (Thousands of yen) (Note 2)	159,500	91,420	252,590	116,090	157,360

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Region		Five Central Wards of Tokyo				
Property name		Daiwa Daikanyama (Note 3)	Daiwa Shinjuku West	Daiwa Kanda Mikuracho	Daiwa Kanda East	Daiwa Kandasudacho
Acquisition date		June 2016	July 2016	Dec. 2016	Jan. 2018	June 2018 and Nov. 2018
Price information	Acquisition price (Millions of yen)	2,280	942	1,592	4,200	2,295
	Investment ratio (%)	0.5	0.2	0.3	0.9	0.5
	Carrying amount (Millions of yen)	2,339	979	1,592	4,326	2,399
	Estimated price at end of period (Millions of yen)	3,780	1,330	1,900	5,960	2,960
Leasing information	Total number of tenants (Note 1)	1	9	7	5	9
	Leasable floor area (m ²)	1,642.83	1,118.74	1,719.51	3,980.56	2,211.60
	Leased floor area (m ²)	1,642.83	1,118.74	1,719.51	3,980.56	2,211.60
	Occupancy rate (%)					
	End of Nov. 2021	100.0	100.0	100.0	100.0	100.0
	End of May 2022	100.0	100.0	100.0	100.0	100.0
	End of Nov. 2022	100.0	100.0	84.7	100.0	100.0
	End of May 2023	100.0	100.0	100.0	100.0	100.0
End of Nov. 2023	100.0	100.0	100.0	100.0	100.0	
Income (loss) information	Number of days of asset management	183	183	183	183	183
	Total property leasing revenue (A) (Thousands of yen)	(Not disclosed)	38,938	50,348	142,926	64,897
	Rent revenue – real estate	(Not disclosed)	38,938	50,348	142,926	64,897
	Other lease business revenue	(Not disclosed)	–	–	–	–
	Total property leasing expenses (B) (Thousands of yen)	(Not disclosed)	12,779	17,481	55,259	51,525
	Consignment expenses	(Not disclosed)	3,373	4,852	15,140	5,457
	Utilities expenses	(Not disclosed)	3,000	3,000	9,593	3,777
	Taxes and dues	(Not disclosed)	3,411	3,845	10,964	4,949
	Non-life insurance expenses	(Not disclosed)	66	87	225	109
	Repair expenses	(Not disclosed)	499	118	1,699	29,588
	Depreciation (C)	(Not disclosed)	2,428	5,577	17,636	7,631
	Other lease business expenses	(Not disclosed)	–	–	–	11
	Operating income (loss) from property leasing (D) [(A) – (B)] (Thousands of yen)	(Not disclosed)	26,158	32,866	87,667	13,372
	NOI (E) [(D) + (C)] (Thousands of yen)	63,030	28,587	38,444	105,303	21,003
Capital expenditures (F) (Thousands of yen)	3,429	–	240	171,090	2,400	
NCF [(E) – (F)] (Thousands of yen)	59,601	28,587	38,204	(65,786)	18,603	
Reference information	Expense rate (%) [(B) ÷ (A)]	(Not disclosed)	32.82	34.72	38.66	79.40
	Annual amount of fixed property tax, etc. for fiscal 2023 (Thousands of yen)	12,460	6,819	7,649	21,655	9,798
	Estimated long-term repair expenses (Thousands of yen) (Note 2)	60,548	59,380	82,871	166,634	93,890

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Region		Five Central Wards of Tokyo				
Property name		Daiwa Sasazuka Tower	Daiwa Sasazuka	Daiwa Harumi	Daiwa Mita 2-Chome (Note 3)	Nihonbashi Central Square
Acquisition date		Oct. 2018	Dec. 2018	Feb. 2019	July 2019	May 2020
Price information	Acquisition price (Millions of yen)	15,500	3,000	11,200	2,635	3,521
	Investment ratio (%)	3.4	0.6	2.4	0.6	0.8
	Carrying amount (Millions of yen)	15,900	3,208	11,105	1,555	3,573
	Estimated price at end of period (Millions of yen)	15,000	3,750	12,800	4,310	3,940
Leasing information	Total number of tenants (Note 1)	7	9	8	1	8
	Leasable floor area (m ²)	16,158.16	3,828.95	11,227.10	2,101.61	1,837.05
	Leased floor area (m ²)	16,158.16	3,828.95	11,227.10	2,101.61	1,442.65
	Occupancy rate (%)					
	End of Nov. 2021	100.0	100.0	100.0	100.0	100.0
	End of May 2022	100.0	100.0	100.0	100.0	100.0
	End of Nov. 2022	100.0	100.0	100.0	100.0	85.6
End of May 2023	100.0	100.0	100.0	100.0	100.0	
End of Nov. 2023	100.0	100.0	100.0	100.0	78.5	
Income (loss) information	Number of days of asset management	183	183	183	183	183
	Total property leasing revenue (A) (Thousands of yen)	470,734	103,687	360,553	(Not disclosed)	84,547
	Rent revenue – real estate	470,734	103,687	360,553	(Not disclosed)	84,337
	Other lease business revenue	—	—	—	(Not disclosed)	209
	Total property leasing expenses (B) (Thousands of yen)	246,857	43,819	156,087	(Not disclosed)	26,459
	Consignment expenses	53,351	8,030	33,396	(Not disclosed)	5,637
	Utilities expenses	74,956	10,461	31,557	(Not disclosed)	5,357
	Taxes and dues	57,412	9,450	29,130	(Not disclosed)	6,131
	Non-life insurance expenses	1,189	219	675	(Not disclosed)	114
	Repair expenses	15,714	2,515	3,887	(Not disclosed)	741
	Depreciation (C)	44,233	13,143	36,899	(Not disclosed)	8,459
	Other lease business expenses	—	—	20,538	(Not disclosed)	18
	Operating income (loss) from property leasing (D) [(A) – (B)] (Thousands of yen)	223,876	59,867	204,466	(Not disclosed)	58,087
NOI (E) [(D) + (C)] (Thousands of yen)	268,109	73,011	241,366	65,292	66,546	
Capital expenditures (F) (Thousands of yen)	29,355	5,229	57,600	454	654	
NCF [(E) – (F)] (Thousands of yen)	238,754	67,781	183,765	64,838	65,892	
Reference information	Expense rate (%) [(B) ÷ (A)]	52.44	42.26	43.29	(Not disclosed)	31.30
	Annual amount of fixed property tax, etc. for fiscal 2023 (Thousands of yen)	114,769	18,826	57,904	19,124	12,214
	Estimated long-term repair expenses (Thousands of yen) (Note 2)	915,030	129,490	253,020	5,360	134,280

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Region		Five Central Wards of Tokyo			Greater Tokyo	
Property name		Daiwa Nihonbashi Bakurocho	Daiwa Kandabashi	Kandasudacho 2-Chome Development Site (land) (Note 4)	Daiwa Higashi-Ikebukuro	Daiwa Shinagawa North
Acquisition date		Land: Nov. 2020 Building: Nov. 2022	Sept. 2021	Dec. 2021	Oct. 2005	July 2007
Price information	Acquisition price (Millions of yen)	5,733	1,970	10,600	2,958	7,710
	Investment ratio (%)	1.2	0.4	2.3	0.6	1.7
	Carrying amount (Millions of yen)	5,724	2,040	10,884	2,459	6,830
	Estimated price at end of period (Millions of yen)	7,040	2,150	12,600	4,370	6,320
Leasing information	Total number of tenants (Note 1)	5	12	—	8	14
	Leasable floor area (m ²)	3,677.63	1,224.00	—	4,462.28	6,546.03
	Leased floor area (m ²)	3,677.63	1,224.00	—	4,462.28	6,546.03
	Occupancy rate (%)					
	End of Nov. 2021	—	79.2	—	100.0	95.2
	End of May 2022	—	89.6	—	100.0	95.2
	End of Nov. 2022	87.4	100.0	—	89.7	100.0
End of May 2023	98.0	100.0	—	100.0	100.0	
End of Nov. 2023	100.0	100.0	—	100.0	100.0	
Income (loss) information	Number of days of asset management	183	183	183	183	183
	Total property leasing revenue (A) (Thousands of yen)	98,471	43,058	—	130,304	209,213
	Rent revenue – real estate	98,471	43,058	—	130,304	209,213
	Other lease business revenue	—	—	—	—	—
	Total property leasing expenses (B) (Thousands of yen)	61,124	15,035	—	55,565	92,358
	Consignment expenses	12,166	4,038	—	12,204	18,411
	Utilities expenses	8,413	2,630	—	12,591	16,981
	Taxes and dues	12,516	3,275	—	8,666	19,814
	Non-life insurance expenses	213	63	—	351	520
	Repair expenses	129	822	—	1,123	4,068
	Depreciation (C)	27,666	4,065	—	20,628	32,552
	Other lease business expenses	19	139	—	—	9
Operating income (loss) from property leasing (D) [(A) – (B)] (Thousands of yen)	37,346	28,022	—	74,739	116,854	
NOI (E) [(D) + (C)] (Thousands of yen)	65,013	32,087	—	95,367	149,406	
Capital expenditures (F) (Thousands of yen)	—	3,209	—	—	1,236	
NCF [(E) – (F)] (Thousands of yen)	65,013	28,878	—	95,367	148,169	
Reference information	Expense rate (%) [(B) ÷ (A)]	62.07	34.92	—	42.64	44.15
	Annual amount of fixed property tax, etc. for fiscal 2023 (Thousands of yen)	24,905	6,551	—	17,277	39,243
	Estimated long-term repair expenses (Thousands of yen) (Note 2)	8,590	34,848	—	294,300	441,710

Region		Greater Tokyo				
Property name		Daiwa Kamiooka	Daiwa Ogikubo Tower	Daiwa Meguro Square	Daiwa Ogikubo	CONCURRED Yokohama
Acquisition date		Mar. 2013	May 2014	May 2015	July 2016	Jan. 2018
Price information	Acquisition price (Millions of yen)	2,000	15,220	5,600	3,800	38,100
	Investment ratio (%)	0.4	3.3	1.2	0.8	8.2
	Carrying amount (Millions of yen)	1,723	15,768	5,298	3,944	37,311
	Estimated price at end of period (Millions of yen)	2,920	23,900	7,410	5,070	41,900
Leasing information	Total number of tenants (Note 1)	9	10	18	12	38
	Leasable floor area (m ²)	2,630.30	17,778.14	3,519.50	3,849.63	28,052.98
	Leased floor area (m ²)	2,630.30	17,778.14	3,519.50	3,849.63	28,052.98
	Occupancy rate (%)					
	End of Nov. 2021	100.0	94.2	94.1	100.0	98.4
	End of May 2022	100.0	100.0	100.0	100.0	100.0
	End of Nov. 2022	100.0	100.0	100.0	100.0	100.0
End of May 2023	100.0	100.0	96.7	100.0	98.1	
End of Nov. 2023	100.0	100.0	100.0	100.0	100.0	
Income (loss) information	Number of days of asset management	183	183	183	183	183
	Total property leasing revenue (A) (Thousands of yen)	94,538	709,350	149,311	133,919	1,097,261
	Rent revenue – real estate	94,538	709,350	149,311	133,919	1,097,261
	Other lease business revenue	—	—	—	—	—
	Total property leasing expenses (B) (Thousands of yen)	41,888	320,711	61,325	41,397	353,099
	Consignment expenses	6,233	56,921	10,388	9,251	54,423
	Utilities expenses	9,789	73,754	9,589	7,433	114,810
	Taxes and dues	6,615	45,408	14,718	8,816	60,074
	Non-life insurance expenses	185	1,327	260	229	790
	Repair expenses	624	12,158	2,461	3,296	2,238
	Depreciation (C)	18,440	130,960	23,907	12,367	120,760
	Other lease business expenses	—	180	—	3	—
Operating income (loss) from property leasing (D) [(A) – (B)] (Thousands of yen)	52,650	388,639	87,985	92,522	744,161	
NOI (E) [(D) + (C)] (Thousands of yen)	71,090	519,600	111,893	104,889	864,922	
Capital expenditures (F) (Thousands of yen)	2,563	98,170	3,644	1,695	32,766	
NCF [(E) – (F)] (Thousands of yen)	68,527	421,430	108,249	103,193	832,156	
Reference information	Expense rate (%) [(B) ÷ (A)]	44.31	45.21	41.07	30.91	32.18
	Annual amount of fixed property tax, etc. for fiscal 2023 (Thousands of yen)	13,229	90,129	29,167	17,554	120,150
	Estimated long-term repair expenses (Thousands of yen) (Note 2)	110,832	575,795	122,800	121,620	804,030

Region		Greater Tokyo		Major Regional Cities
Property name		Daiwa Shinagawa Gotenyama	Daiwa Nakano-Sakaue	Daiwa Kitahama
Acquisition date		Sept. 2018	Dec. 2019	Aug. 2014
Price information	Acquisition price (Millions of yen)	2,500	2,750	9,481
	Investment ratio (%)	0.5	0.6	2.0
	Carrying amount (Millions of yen)	2,610	2,937	8,830
	Estimated price at end of period (Millions of yen)	2,880	2,300	14,300
Leasing information	Total number of tenants (Note 1)	6	6	7
	Leasable floor area (m ²)	2,396.96	2,716.92	13,517.62
	Leased floor area (m ²)	2,396.96	2,716.92	13,517.62
	Occupancy rate (%)			
	End of Nov. 2021	100.0	100.0	100.0
	End of May 2022	100.0	100.0	100.0
	End of Nov. 2022	100.0	100.0	100.0
End of May 2023	100.0	100.0	100.0	
End of Nov. 2023	100.0	100.0	100.0	
Income (loss) information	Number of days of asset management	183	183	183
	Total property leasing revenue (A) (Thousands of yen)	78,695	66,136	401,591
	Rent revenue – real estate	78,695	66,136	401,591
	Other lease business revenue	–	–	–
	Total property leasing expenses (B) (Thousands of yen)	22,334	40,997	163,607
	Consignment expenses	4,636	7,375	27,011
	Utilities expenses	4,036	5,929	40,825
	Taxes and dues	5,925	7,572	36,960
	Non-life insurance expenses	136	185	915
	Repair expenses	1,402	8,813	6,306
	Depreciation (C)	6,195	11,109	51,535
	Other lease business expenses	–	12	53
	Operating income (loss) from property leasing (D) [(A) – (B)] (Thousands of yen)	56,361	25,138	237,983
NOI (E) [(D) + (C)] (Thousands of yen)	62,557	36,248	289,518	
Capital expenditures (F) (Thousands of yen)	1,268	684	7,527	
NCF [(E) – (F)] (Thousands of yen)	61,288	35,563	281,991	
Reference information	Expense rate (%) [(B) ÷ (A)]	28.38	61.99	40.74
	Annual amount of fixed property tax, etc. for fiscal 2023 (Thousands of yen)	11,809	14,873	73,920
	Estimated long-term repair expenses (Thousands of yen) (Note 2)	130,881	193,251	275,080

- (Note 1) Total number of tenants is the number of end tenants. When there is a tenant occupying multiple buildings, the concerned tenant is counted and stated for each individual building.
- (Note 2) Estimated long-term repair expenses are the total amount of repair expenses and renewal expenses estimated to arise over the 12-year period from the first year to the twelfth year as stated in the building investigation diagnosis report.
- (Note 3) Not disclosed for such reasons as consent was not obtained from major tenants to disclose the rent revenue, etc. for the property.
- (Note 4) For Kandasudacho 2-Chome Development Site (land), the plan is to develop an office building on the property.