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REIT Financial Report for the 33rd Fiscal Period

July 21, 2022

Name of REIT Issuer: Daiwa Office Investment Corporation Stock Exchange Listing: TSE
 Stock Code No.: 8976 URL: <https://www.daiwa-office.co.jp/en>
 Representative: Seiya Miyamoto, Executive Director
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Scheduled date of start of distribution payments: August 12, 2022

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 33rd Fiscal Period

33rd Fiscal Period: Fiscal period ended May 2022 (from December 1, 2021 to May 31, 2022)

(1) Management Status

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

	Operating revenue		Operating income		Ordinary income		Net income	
33rd Period	¥14,474 million	4.3%	¥7,923 million	7.8%	¥7,493 million	10.5%	¥7,493 million	10.2%
32nd Period	¥13,882 million	(7.8%)	¥7,351 million	(9.7%)	¥6,784 million	(10.1%)	¥6,799 million	(9.9%)

	Net income per unit	Net income to unitholders' equity	Ordinary income to total assets	Ordinary income to operating revenue
33rd Period	¥15,443	3.0%	1.6%	51.8%
32nd Period	¥13,930	2.7%	1.4%	48.9%

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

33rd Fiscal Period: 485,190 units; 32nd Fiscal Period: 488,088 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
33rd Period	¥14,000	¥6,755 million	¥-	¥- million	90.2%	2.7%
32nd Period	¥14,000	¥6,833 million	¥-	¥- million	100.5%	2.7%

(Note) Distribution amount per unit for the 33rd Fiscal Period is calculated by dividing the entire amount remaining after deducting provision of reserve for reduction entry (¥737 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. As acquisition and cancellation of own investment units were carried out during the period, dividend payout for the 33rd Fiscal Period is obtained by using the following calculation formula, rounded to one decimal place.
 Dividend payout = Total distribution amount (excluding distribution amount in excess of earnings) / Net income × 100
 Distribution amount per unit for the 32nd Fiscal Period is calculated by dividing 6,833 million, the total distribution amount considering the reversal of part of internal reserves of 49 million (the sum total of 33 million of reserve for reduction entry and 15 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.

(3) Financial Position

	Total assets	Net assets	Unitholders' equity to total assets	Net assets per unit
33rd Period	¥483,461 million	¥250,538 million	51.8%	¥519,220
32nd Period	¥483,279 million	¥253,637 million	52.5%	¥519,655

(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
33rd Period	¥16,214 million	(¥12,350 million)	(¥7,382 million)	¥26,773 million
32nd Period	¥8,559 million	(¥2,646 million)	(¥7,833 million)	¥30,291 million

2. Management Status Forecasts for the 34th Fiscal Period and Management Status for the 35th Fiscal Period

34th Fiscal Period: Fiscal period ending November 2022 (from June 1, 2022 to November 30, 2022)

35th Fiscal Period: Fiscal period ending May 2023 (from December 1, 2022 to May 31, 2023)

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

	Operating revenue		Operating income		Ordinary income		Net income	
34th Period	¥13,727 million	(5.2%)	¥6,949 million	(12.3%)	¥6,370 million	(15.0%)	¥6,369 million	(15.0%)
35th Period	¥13,629 million	(0.7%)	¥6,873 million	(1.1%)	¥6,273 million	(1.5%)	¥6,272 million	(1.5%)

	Distribution amount per unit (excluding distribution amount in excess of earnings)	Distribution amount in excess of earnings per unit
34th Period	¥13,600	¥-
35th Period	¥13,600	¥-

(Reference) Estimated net income per unit for the 34th Fiscal Period: ¥13,200; 35th Fiscal Period: ¥13,000

(Note) Distribution amount per unit for the 34th Fiscal Period is calculated based on the assumption that the amount after adding reversal of reserve for reduction entry (¥193 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 35th Fiscal Period is calculated based on the assumption that the amount after adding reversal of reserve for reduction entry (¥289 million) to unappropriated retained earnings will be distributed. Reversal of reserve for reduction entry may change depending on the management status.

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):

33rd Fiscal Period:	482,529 units	32nd Fiscal Period:	488,088 units
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- (ii) Total number of treasury units at end of period:

33rd Fiscal Period:	– units	32nd Fiscal Period:	– units
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(Note) Please refer to “Notes to Per Unit Information” on page ● 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 34th Fiscal Period and 35th Fiscal Period” on page ●.

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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 466,528 million yen as of the last day of May 2022.

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 saw a decrease in production in the automobile and other manufacturing industries attributable to the shortage of semi-conductors as well as a drop in individual consumption due to the impact of the declaration of pre-emergency measures concerning COVID-19 which was applied in 18 prefectures until March 21, 2022. As a result, the real GDP growth rate (Second Preliminary Estimates) for January to March 2022 sat at an annual rate of -0.5%, registering negative growth.

In the office building leasing market in central Tokyo, the vacancy rate had continued to be on an improving trend since June 2013, but has rose to 6.37% as of the end of May 2022 (Miki Shoji’s average vacancy rate for the five central wards of Tokyo). With the prolonged COVID-19 pandemic, cancellations due to office consolidation and relocation to smaller locations caused by the deterioration of business performance are seen, and office rents have also turned to a downward trend after peaking in July 2020.

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, and there has been no material impact of COVID-19. 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, the Investment Corporation acquired “Kandasudacho 2-Chome Development Site (land)” (acquisition price: ¥10,600 million) and transferred “Daiwa Minami-Aoyama” (transfer price: ¥4,990 million) and “Daiwa Kojimachi 4-chome” (transfer price: ¥3,200 million) in December 2021. As a result, the Investment Corporation’s assets under management as of the end of the 33rd Fiscal Period (May 31, 2022) totaled 59 properties, the sum total of acquisition prices of which amounted to 466,528 million yen.

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 33rd Fiscal Period (May 31, 2022) was 98.4%.

C. Overview of Capital Procurement

a. Procurement of Capital for Repayment of Borrowings

In the 33rd Fiscal Period, the Investment Corporation made the following borrowings to fund the acquisition of new properties and the repayment of borrowings.

- (i) The Investment Corporation borrowed 3,450 million yen in total from Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Trust Bank, Limited, Mitsubishi UFJ Bank, Ltd. and Shinsei Bank, Ltd. on January 31, 2022 to fund the acquisition of a new property (Kandasudacho 2-Chome Development Site (land)) acquired on December 16, 2021.
- (ii) The Investment Corporation took out loans totaling 2,000 million yen from Sumitomo Mitsui Banking Corporation and The Gunma Bank, Ltd. on February 28, 2022, to fund the repayment of the same amount borrowed from the same banks due for repayment on the same day.
- (iii) The Investment Corporation took out loans of 2,000 million yen from the Development Bank of Japan Inc. on March 31, 2022, to fund the repayment of the same amount borrowed from the same bank due for repayment on the same day.

(iv) The Investment Corporation took out loans totaling 12,400 million yen from Sumitomo Mitsui Banking Corporation, the Development Bank of Japan Inc., MUFG Bank, Ltd., Mizuho Bank, Ltd. and Shinsei Bank, Ltd. on May 31, 2022 to fund the repayment of the same amount borrowed from the same banks due for repayment on the same day.

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 33rd Fiscal Period (May 31, 2022) stood at 205,800 million yen in total (long-term loans payable: 196,800 million yen; investment corporation bonds: 9,000 million yen). The balance of the current portion of long-term loans payable stood at 30,600 million yen.

The average remaining period of interest-bearing liabilities as of the end of the 33rd Fiscal Period stands at 4.0 years.

List of Borrowings in the 33rd Fiscal Period

Lender	Loan amount (Millions of yen)	Drawdown date	Repayment date	Loan period (Years)
Sumitomo Mitsui Banking Corporation	1,000	January 31, 2022	January 31, 2025	3.0
MUFG Bank, Ltd.	950	January 31, 2022	January 31, 2025	3.0
Shinsei Bank, Ltd.	500	January 31, 2022	January 31, 2025	3.0
Sumitomo Mitsui Trust Bank, Ltd.	1,000	January 31, 2022	September 30, 2024	2.7
The Gunma Bank, Ltd.	1,000	February 28, 2022	August 31, 2029	7.5
Sumitomo Mitsui Banking Corporation	1,000	February 28, 2022	February 28, 2029	7.0
Development Bank of Japan Inc.	2,000	March 31, 2022	March 31, 2028	6.0
Sumitomo Mitsui Banking Corporation	3,400	May 31, 2022	November 29, 2030	8.5
MUFG Bank, Ltd.	1,000	May 31, 2022	November 29, 2030	8.5
Mizuho Bank, Ltd.	1,500	May 31, 2022	May 31, 2030	8.0
Shinsei Bank, Ltd.	1,000	May 31, 2022	May 31, 2030	8.0
MUFG Bank, Ltd.	1,000	May 31, 2022	February 28, 2030	7.8
Sumitomo Mitsui Banking Corporation	2,000	May 31, 2022	August 31, 2029	7.3
MUFG Bank, Ltd.	1,000	May 31, 2022	May 31, 2029	7.0
Development Bank of Japan Inc.	1,500	May 31, 2022	May 31, 2028	6.0

Balance of Borrowings from Each Financial Institution (As of May 31, 2022)

Lender	End of the 33rd Fiscal Period (Millions of yen)	Share (%) (Note)
Sumitomo Mitsui Banking Corporation	40,400	20.53
Sumitomo Mitsui Trust Bank, Ltd.	24,500	12.45
Development Bank of Japan Inc.	21,750	11.05
MUFG Bank, Ltd.	20,450	10.39
Mizuho Bank, Ltd.	19,400	9.86
Shinsei Bank, Ltd.	14,500	7.37
Resona Bank, Limited	12,500	6.35
Mizuho Trust and Banking Co., Ltd.	9,500	4.83
The Bank of Fukuoka, Ltd.	6,500	3.30
Kansai Mirai Bank, Ltd.	5,000	2.54
The Nishi-Nippon City Bank Ltd.	3,000	1.52
The 77 Bank, Ltd.	3,000	1.52
The Norinchukin Bank	3,000	1.52
The Gunma Bank, Ltd.	2,500	1.27
The Musashino Bank, Ltd.	2,000	1.02
Tokio Marine & Nichido Fire Insurance Co., Ltd.	2,000	1.02
The Yamaguchi Bank, Ltd.	2,000	1.02
Nippon Life Insurance Company	1,300	0.66
The Hyakugo Bank, Ltd.	1,000	0.51
The Yamanashi Chuo Bank, Ltd.	1,000	0.51
Momiji Bank, Ltd.	1,000	0.51
Taiyo Life Insurance Company	300	0.15
Fukoku Mutual Life Insurance Company	200	0.10
Total	196,800	100.00

(Note) Share is rounded to two decimal places.

c. Rating Information

(As of May 31, 2022)

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

d. Shelf Registration

The Investment Corporation filed a shelf registration statement pertaining to investment corporation bonds on October 1, 2021, as below. The total issuable amount as of the date of this document is 100.0 billion yen.

Investment corporation bonds (excluding short-term investment corporation bonds)	
Planned issue amount	100,000 million yen
Planned issue period	From October 9, 2021 to October 8, 2023
Use of funds	Funds for acquisition of specified assets, repayment of borrowings, redemption of investment corporation bonds (including short-term investment corporation bonds), refund of leasehold and security deposits, payment of repairs, and funds for working capital, etc.

D. Sustainability Initiatives

The Sustainability Promotion Committee was set up at the Asset Manager in 2014 and the Policy Regarding ESG was established at the Investment Corporation and the Asset Manager in March 2019 based on the Investment Corporation's recognition that emphasizing ESG in asset management would contribute to the enhancement of corporate value over the medium to long term. The Sustainability Promotion Office was also set up at the Asset Manager in June 2021 in order to further strengthen sustainability initiatives. In these and other ways, sustainability initiatives are underway 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 water saving and 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 31 properties and the ratio of such properties to the entire portfolio (based on total floor area of the portfolio properties) is 61.3%.

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. In the 33rd Fiscal Period, initiatives were taken for the safety and security of tenants by installing sanitizers and air purifiers in the common areas of portfolio properties, posting documents pertaining to the control of infection and through other means as COVID-19 control measures.

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.

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 10 consecutive years in 2021. 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 a rating of "4 Star." Also, in the 2021 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 top rating of "A" on the five-tiered evaluation scale.

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 whose information disclosure is recommended in the TCFD recommendations (governance, strategy, risk management, and indicators and targets), a qualitative scenario analysis of business risks and opportunities caused by the response to climate change was conducted and disclosed on the Investment Corporation's website from July 2022.

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

(Note 2) 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 33rd Fiscal Period of 14,474 million yen in operating revenue, 7,923 million yen in operating income, 7,493 million yen in ordinary income and 7,493 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, retaining 737,664,628 yen from application of "Special Provisions for Taxation in Cases of Repurchase of Specified Assets" (Article 65-7 of the Special Taxation Measures Act) as reserve for reduction entry, the Investment Corporation decided to distribute the entire amount remaining after deducting provision of reserve for reduction entry from unappropriated retained earnings, and declared a distribution amount per unit of 14,000 yen.

1.1.2. Outlook for the Next Fiscal Period

A. Investment Environment

The Japanese economy going forward is expected to see a recovery in individual spending due to the expansion of the acceptance of inbound tourists from overseas resulting from the slowdown of the spread of COVID-19 infection. However, as issues such as the situation in Ukraine, rise in resource prices and disruption of supply chain in the manufacturing industry centering on the automobile industry may take time to normalize, the outlook for the Japanese economy remains unpredictable.

In the Tokyo office building leasing market, although recovery is expected with normalization of economic activities going forward, developments in office consolidations and relocations to smaller offices triggered by COVID-19 leading to the vacancy rate rising and rent dropping moderately mainly in central Tokyo continue to warrant close monitoring.

In the office building transaction market, backed by the favorable financing environment, among other factors, the property acquisition appetite among overseas investors, real estate companies and funds (including J-REITs) is expected to remain strong. However, the re-spread of the COVID-19 pandemic, interest rate trends and other factors may impact future developments in the transaction market.

B. Future Management Policy and Tasks

a. Strategy for Managing Existing Properties

As to macro trends for the office market, there are still many secondary vacancies caused by relocations to new buildings as well as partial cancellations and relocations to smaller locations for the purpose of cost reduction. As a result, the vacancy rate for the entire market remains high. On the other hand, as the Investment Corporation's portfolio consists mainly of class B buildings in the Five Central Wards of Tokyo, new resilient demand mainly from small-to medium-sized companies is being steadily obtained. While setting the maintenance of occupancy rate as the basic policy, rents are being secured at slightly higher levels by advancing tenant replacement through leasing activities offering flexible terms. Therefore, 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 its 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 Asset Manager and Sponsor Group and utilizing the Group's extensive network of clients, partners, etc.

Moreover, during the 33rd Fiscal Period the Investment Corporation acquired Kandasudacho 2-Chome Development Site (land) in Tokyo. This acquisition will be a development project following the "Nihonbashi-Bakurocho 1-Chome Development Site (land)" for the Investment Corporation, and is positioned as a project that is expected to rejuvenate the portfolio and improve profitability over the medium to long term. The Investment Corporation will strive to acquire properties in accordance with the investment strategy described above, while continuing to carefully assess the possibility of considering 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

Not applicable.

D. Outlook for Management Status

The Investment Corporation forecasts the following management status for the 34th Fiscal Period (fiscal period ending November 2022 (from June 1, 2022 to November 30, 2022)). For the assumptions underlying the management status forecasts, please refer to the “Assumptions for the Management Status Forecasts for the 34th Fiscal Period and 35th Fiscal Period” on page ●.

34th Fiscal Period (fiscal period ending November 2022 (from June 1, 2022 to November 30, 2022))

Operating revenue	13,727 million yen
Operating income	6,949 million yen
Ordinary income	6,370 million yen
Net income	6,369 million yen
Distribution amount per unit	13,600 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 34th Fiscal Period and 35th Fiscal Period” will remain unchanged, the Investment Corporation forecasts the following management status for the 35th Fiscal Period (fiscal period ending May 2023 (from December 1, 2022 to May 31, 2023)).

35th Fiscal Period (fiscal period ending May 2023 (from December 1, 2022 to May 31, 2023))

Operating revenue	13,629 million yen
Operating income	6,873 million yen
Ordinary income	6,273 million yen
Net income	6,272 million yen
Distribution amount per unit	13,600 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 34th Fiscal Period and 35th Fiscal Period

Item	Assumptions
Assets under management	<ul style="list-style-type: none"> • 34th Fiscal Period: Assets under management are assumed to be the 59 properties owned as of May 31, 2022 together with the completion of the building included in Nihonbashi-Bakurocho 1-Chome Development Project (scheduled for November 2022). • 35th Fiscal Period: Assets under management are assumed to be the properties mentioned above. • 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 period 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 8,315 million yen in the 34th Fiscal Period and 8,232 million yen in the 35th Fiscal Period. • Consignment expenses are expected to be 1,014 million yen in the 34th Fiscal Period and 1,013 million yen in the 35th Fiscal Period. • Taxes and dues (fixed property tax, city planning tax, etc.) are expected to be 1,149 million yen in the 34th Fiscal Period and 1,149 million yen in the 35th 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 1,784 million yen in the 34th Fiscal Period and 1,803 million yen in the 35th Fiscal Period.
Non-operating expenses	<ul style="list-style-type: none"> • Non-operating expenses in the 34th Fiscal Period are expected to be 578 million yen, of which the interest expenses, interest expenses on investment corporation bonds, and borrowing related expenses are expected to be 566 million yen. • Non-operating expenses in the 35th Fiscal Period are expected to be 599 million yen, of which the interest expenses, interest expenses on investment corporation bonds, and borrowing related expenses are expected to be 588 million yen.
Interest-bearing liabilities	<ul style="list-style-type: none"> • The total amount of interest-bearing liabilities is assumed to be 205,800 million yen at the end of the 34th Fiscal Period and 207,800 million yen at the end of the 35th Fiscal Period. • In the 34th Fiscal Period, it is assumed that the entire amount of borrowings due for repayment on August 31, 2022 (5,300 million yen) and November 30, 2022 (12,300 million yen) is refinanced. • In the 35th Fiscal Period, new borrowings of 2,000 million yen will be borrowed to be allocated to funds used for the construction of building of “Nihonbashi-Bakurocho 1-Chome Development Project” announced on October 21, 2020, and it is assumed that the entire amount of borrowings due for repayment on February 28, 2023 (6,500 million yen) and May 31, 2023 (6,500 million yen) is refinanced.
Total number of investment units issued and outstanding	<ul style="list-style-type: none"> • The total number of investment units issued and outstanding is assumed to be the 482,529 units as of May 31, 2022. • It is assumed that there are no changes to the number of investment units other than stated above until the end of the 35th 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 34th Fiscal Period is based on the assumption that part (193 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 35th Fiscal Period is based on the assumption that part (289 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, listing regulations, the rules of Tokyo Stock Exchange, Inc. and 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 February 18, 2022).

2. Financial Statements

2.1. Balance Sheets

(Unit: Thousands of yen)

	32nd Fiscal Period [As of Nov. 30, 2021]	33rd Fiscal Period [As of May 31, 2022]
Assets		
Current assets		
Cash and deposits	26,650,594	23,095,517
Cash and deposits in trust	3,640,841	3,677,490
Operating accounts receivable	189,915	86,072
Prepaid expenses	340,300	355,818
Other	94,138	34,136
Total current assets	30,915,790	27,249,034
Noncurrent assets		
Property, plant and equipment		
Buildings	3,322,446	3,581,479
Accumulated depreciation	(2,681,712)	(2,756,196)
Buildings, net	640,734	825,282
Structures	14,344	14,344
Accumulated depreciation	(8,797)	(9,238)
Structures, net	5,547	5,106
Tools, furniture and fixtures	20,976	21,085
Accumulated depreciation	(16,039)	(17,016)
Tools, furniture and fixtures, net	4,936	4,069
Land	12,302,226	12,302,226
Construction in progress	4,703	4,006
Buildings in trust	109,177,340	108,011,572
Accumulated depreciation	(30,327,004)	(31,243,029)
Buildings in trust, net	*1, *2 78,850,336	*1, *2 76,768,543
Structures in trust	776,399	766,806
Accumulated depreciation	(232,765)	(239,123)
Structures in trust, net	*2 543,634	*2 527,682
Machinery and equipment in trust	924,505	870,980
Accumulated depreciation	(544,085)	(520,910)
Machinery and equipment in trust, net	380,419	350,069
Tools, furniture and fixtures in trust	354,822	366,416
Accumulated depreciation	(217,321)	(227,197)
Tools, furniture and fixtures in trust, net	137,500	139,218
Land in trust	*2 355,212,305	*2 359,932,790
Construction in progress in trust	230,034	846,159
Total property, plant and equipment	448,312,380	451,705,157
Intangible assets		
Right of trademark	7	—
Leasehold rights	2,398,275	2,398,275
Leasehold rights in trust	306,884	306,884
Other	2,875	11,341
Total intangible assets	2,708,043	2,716,501

(Unit: Thousands of yen)

	32nd Fiscal Period [As of Nov. 30, 2021]	33rd Fiscal Period [As of May 31, 2022]
Investments and other assets		
Leasehold and guarantee deposits in trust	113,684	113,684
Long-term prepaid expenses	1,066,645	1,203,731
Derivatives	19,157	329,840
Other	94,770	98,795
Total investments and other assets	1,294,257	1,746,051
Total noncurrent assets	452,314,681	456,167,710
Deferred assets		
Investment corporation bonds issuance costs	49,360	44,357
Total deferred assets	49,360	44,357
Total assets	483,279,832	483,461,103
Liabilities		
Current liabilities		
Operating accounts payable	813,836	1,067,842
Short-term loans payable	2,400,000	—
Current portion of long-term loans payable	31,600,000	30,600,000
Accounts payable – other	619,303	600,232
Income taxes payable	880	880
Accrued consumption taxes	286,169	294,268
Advances received	2,351,548	2,326,716
Other	642,362	501,287
Total current liabilities	38,714,100	35,391,228
Noncurrent liabilities		
Investment corporation bonds	9,000,000	9,000,000
Long-term loans payable	159,350,000	166,200,000
Tenant leasehold and security deposits	20,388,209	20,192,922
Tenant leasehold and security deposits in trust	1,930,698	1,972,139
Deferred tax liabilities	55,150	165,917
Derivatives liabilities	29,436	—
Other	174,578	—
Total noncurrent liabilities	190,928,072	197,530,979
Total liabilities	229,642,173	232,922,207
Net Assets		
Unitholders' equity		
Unitholders' capital	251,551,759	251,551,759
Deduction from unitholders' capital	*4 (6,458,395)	*4 (10,458,319)
Unitholders' capital, net	245,093,364	241,093,440
Surplus		
Voluntary retained earnings		
Reserve for reduction entry	1,755,357	1,721,383
Total voluntary retained earnings	1,755,357	1,721,383
Unappropriated retained earnings (undisposed loss)	6,799,258	7,493,070
Total surplus	8,554,615	9,214,454
Total unitholders' equity	253,647,979	250,307,894
Valuation and translation adjustments		
Deferred gains or losses on hedges	(10,319)	231,001
Total valuation and translation adjustments	(10,319)	231,001
Total net assets	*5 253,637,659	*5 250,538,895
Total liabilities and net assets	483,279,832	483,461,103

2.2. Statements of Income

(Unit: Thousands of yen)

	32nd Fiscal Period [From: June 1, 2021 To: Nov. 30, 2021]	33rd Fiscal Period [From: Dec. 1, 2021 To: May 31, 2022]
Operating revenue		
Rent revenue – real estate	*1 13,846,420	*1 13,560,238
Other lease business revenue	*1 35,944	*1 13,769
Gain on sales of real estate properties	—	*2 900,931
Total operating revenue	13,882,364	14,474,939
Operating expenses		
Expenses related to rent business	*1 5,146,252	*1 5,143,017
Asset management fees	1,153,133	1,163,658
Asset custody fees	24,171	24,190
Administrative service fees	72,902	72,641
Trust fees	18,219	18,879
Directors' compensation	7,200	7,200
Other operating expenses	109,453	122,114
Total operating expenses	6,531,333	6,551,700
Operating income	7,351,030	7,923,238
Non-operating income		
Interest income	15	14
Reversal of distribution payable	515	646
Insurance income	555	138,785
Miscellaneous income	46	285
Total non-operating income	1,133	139,731
Non-operating expenses		
Interest expenses	406,711	398,294
Interest expenses on investment corporation bonds	26,041	26,328
Borrowing expenses	128,321	130,398
Other	6,542	13,997
Total non-operating expenses	567,617	569,018
Ordinary income	6,784,546	7,493,952
Income before income taxes	6,784,546	7,493,952
Income taxes – current	881	881
Income taxes – deferred	(15,593)	—
Total income taxes	(14,712)	881
Net income	6,799,258	7,493,070
Retained earnings brought forward	—	—
Unappropriated retained earnings (undisposed loss)	6,799,258	7,493,070

2.3. Statements of Unitholders' Equity

32nd Fiscal Period [From: June 1, 2021 To: November 30, 2021]

(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	(6,458,395)	245,093,364	1,038,691	1,038,691	7,549,897	8,588,589
Changes of items during the period							
Provision of reserve for reduction entry				716,665	716,665	(716,665)	—
Dividends from surplus						(6,833,232)	(6,833,232)
Net income						6,799,258	6,799,258
Net changes of items other than shareholders' equity							
Total changes of items during the period	—	—	—	716,665	716,665	(750,639)	(33,973)
Balance at end of current fiscal period	251,551,759	(6,458,395)	245,093,364	1,755,357	1,755,357	6,799,258	8,554,615

	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	253,681,953	(159,563)	(159,563)	253,522,389
Changes of items during the period				
Provision of reserve for reduction entry	—			—
Dividends from surplus	(6,833,232)			(6,833,232)
Net income	6,799,258			6,799,258
Net changes of items other than shareholders' equity		149,243	149,243	149,243
Total changes of items during the period	(33,973)	149,243	149,243	115,269
Balance at end of current fiscal period	253,647,979	(10,319)	(10,319)	253,637,659

33rd Fiscal Period [From: December 1, 2021 To: May 31, 2022]

(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	(6,458,395)	245,093,364	1,755,357	1,755,357	6,799,258	8,554,615
Changes of items during the period							
Reversal of reserve for reduction entry				(33,973)	(33,973)	33,973	—
Dividends from surplus						(6,833,232)	(6,833,232)
Net income						7,493,070	7,493,070
Acquisition of own investment units							
Cancellation of own investment units		(3,999,924)	(3,999,924)				
Net changes of items other than shareholders' equity							
Total changes of items during the period	—	(3,999,924)	(3,999,924)	(33,973)	(33,973)	693,812	659,838
Balance at end of current fiscal period	251,551,759	(10,458,319)	241,093,440	1,721,383	1,721,383	7,493,070	9,214,454

	Unitholders' equity		Valuation and translation adjustments		Total net assets
	Own investment units	Total unitholders' equity	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at beginning of current fiscal period	—	253,647,979	(10,319)	(10,319)	253,637,659
Changes of items during the period					
Reversal of reserve for reduction entry		—			—
Dividends from surplus		(6,833,232)			(6,833,232)
Net income		7,493,070			7,493,070
Acquisition of own investment units	(3,999,924)	(3,999,924)			(3,999,924)
Cancellation of own investment units	3,999,924	—			—
Net changes of items other than shareholders' equity			241,321	241,321	241,321
Total changes of items during the period	—	(3,340,085)	241,321	241,321	(3,098,764)
Balance at end of current fiscal period	—	250,307,894	231,001	231,001	250,538,895

2.4. Statements of Cash Distributions

Item	32nd Fiscal Period [From: June 1, 2021 To: Nov. 30, 2021]	33rd Fiscal Period [From: Dec. 1, 2021 To: May 31, 2022]
	Amount (Yen)	Amount (Yen)
I. Unappropriated retained earnings	6,799,258,381	7,493,070,628
II. Reversal of voluntary retained earnings		
Reversal of reserve for reduction entry	33,973,619	—
III. Distribution amount	6,833,232,000	6,755,406,000
[Distribution amount per unit]	(14,000)	(14,000)
IV. Voluntary retained earnings		
Provision of reserve for reduction entry	—	737,664,628
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 that is the sum of the reversal of reserve for reduction entry and unappropriated retained earnings. Accordingly, the Investment Corporation declared a distribution amount of 6,833,232,000 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 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 6,755,406,000 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)

	32nd Fiscal Period [From: June 1, 2021 To: Nov. 30, 2021]	33rd Fiscal Period [From: Dec. 1, 2021 To: May 31, 2022]
Net cash provided by (used in) operating activities		
Income before income taxes	6,784,546	7,493,952
Depreciation	1,811,785	1,787,160
Amortization of investment corporation bonds issuance costs	5,030	5,003
Interest income	(15)	(14)
Interest expenses	432,753	424,622
(Increase) Decrease in operating accounts receivable	5,712	103,843
(Increase) Decrease in prepaid expenses	16,776	(15,517)
Increase (decrease) in operating accounts payable	(96,707)	(142,868)
Increase (decrease) in accounts payable – other	(12,383)	(12,703)
Increase (decrease) in accrued consumption taxes	(49,466)	8,099
Increase (decrease) in advances received	(14,678)	(24,831)
(Increase) Decrease in long-term prepaid expenses	31,622	(137,086)
Decrease from sales of property, plant and equipment in trust	–	7,179,984
Other	78,054	(30,745)
Subtotal	8,993,030	16,638,898
Interest income received	15	14
Interest expenses paid	(432,867)	(423,389)
Income taxes paid	(889)	(881)
Net cash provided by (used in) operating activities	8,559,288	16,214,641
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(25,452)	(30,074)
Purchase of property, plant and equipment in trust	(2,724,657)	(11,980,211)
Purchase of intangible assets	–	(12,000)
Proceeds from tenant security deposits	1,034,135	577,952
Proceeds from tenant security deposits in trust	66,704	83,407
Repayments of tenant security deposits	(918,785)	(947,816)
Repayments of tenant security deposits in trust	(78,188)	(41,966)
Net cash provided by (used in) investing activities	(2,646,243)	(12,350,710)
Net cash provided by (used in) financing activities		
Repayment of short-term loans payable	–	(2,400,000)
Proceeds from long-term loans payable	6,500,000	19,850,000
Repayment of long-term loans payable	(7,500,000)	(14,000,000)
Purchase of own investment units	–	(3,999,924)
Dividends paid	(6,833,242)	(6,832,436)
Net cash provided by (used in) financing activities	(7,833,242)	(7,382,360)
Net increase (decrease) in cash and cash equivalents	(1,920,198)	(3,518,428)
Cash and cash equivalents at beginning of period	32,211,634	30,291,436
Cash and cash equivalents at end of period	*1 30,291,436	*1 26,773,007

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="662 369 1125 515"> <tr> <td>Buildings</td> <td>2~64 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	2~64 years	Structures	10~56 years	Machinery and equipment	10~23 years	Tools, furniture and fixtures	4~15 years
Buildings	2~64 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 1,602 thousand yen in the 32nd Fiscal Period and 380 thousand yen in the 33rd Fiscal Period.</p> <p>(2) Accounting Standard for Revenue The content of main performance obligations related to revenue arising 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.

	32nd Fiscal Period [As of Nov. 30, 2021]	33rd Fiscal Period [As of May 31, 2022]
Buildings in trust	32,898 thousand yen	32,898 thousand yen

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

	32nd Fiscal Period [As of Nov. 30, 2021]	33rd Fiscal Period [As of May 31, 2022]
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.

	32nd Fiscal Period [As of Nov. 30, 2021]	33rd Fiscal Period [As of May 31, 2022]
Total amount of commitment line	—	5,500,000 thousand yen
Balance of borrowings	—	—
Difference	—	5,500,000 thousand yen

*4. Status of cancellation of own investment units

	32nd Fiscal Period [As of Nov. 30, 2021]	33rd Fiscal Period [As of May 31, 2022]
Total number of units cancelled	9,781 units	15,340 units
Total amount cancelled	6,458,395 thousand yen	10,458,319 thousand yen

(Note) The number of units cancelled during the 33rd Fiscal Period was 5,559 units and the total amount cancelled was 3,999,924 thousand yen.

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

	32nd Fiscal Period [As of Nov. 30, 2021]	33rd Fiscal Period [As of May 31, 2022]
	50,000 thousand yen	50,000 thousand yen

[Notes to Statements of Income]

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

	32nd Fiscal Period [From: June 1, 2021 To: Nov. 30, 2021]	33rd Fiscal Period [From: Dec. 1, 2021 To: May 31, 2022]
A. Property leasing revenue		
Rent revenue – real estate	13,846,420	13,560,238
Other lease business revenue	35,944	13,769
Total property leasing revenue	13,882,364	13,574,007
B. Property leasing expenses		
Consignment expenses	1,049,643	974,462
Utilities expenses	870,406	924,472
Taxes and dues	1,147,461	1,144,699
Non-life insurance expenses	20,338	20,748
Repair expenses	166,756	222,314
Depreciation	1,808,363	1,783,619
Other lease business expenses	83,281	72,701
Total property leasing expenses	5,146,252	5,143,017
C. Operating income (loss) from property leasing [A – B]	8,736,111	8,430,990

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

(Unit: Thousands of yen)

32nd Fiscal Period [From: June 1, 2021 To: November 30, 2021]

Not applicable.

33rd Fiscal Period [From: December 1, 2021 To: May 31, 2022]

Daiwa Minami-Aoyama		
Proceeds from sales of real estate properties		4,990,000
Cost of sales of real estate properties		4,408,570
Other expenses on sales		44,927
Gain on sales of real estate properties		536,502
Daiwa Kojimachi 4-chome		
Proceeds from sales of real estate properties		3,200,000
Cost of sales of real estate properties		2,805,594
Other expenses on sales		29,977
Gain on sales of real estate properties		364,428

[Notes to Statements of Unitholders' Equity]

	32nd Fiscal Period [From: June 1, 2021 To: Nov. 30, 2021]	33rd Fiscal Period [From: Dec. 1, 2021 To: May 31, 2022]
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	488,088 units	482,529 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)

	32nd Fiscal Period [From: June 1, 2021 To: Nov. 30, 2021]	33rd Fiscal Period [From: Dec. 1, 2021 To: May 31, 2022]
Cash and deposits	26,650,594	23,095,517
Cash and deposits in trust	3,640,841	3,677,490
Cash and cash equivalents	30,291,436	26,773,007

[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.

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.

32nd Fiscal Period [As of November 30, 2021]

(Unit: Thousands of yen)

	Carrying amount	Fair value	Difference
(1) Current portion of long-term loans payable	31,600,000	31,600,412	412
(2) Investment corporation bonds	9,000,000	9,024,050	24,050
(3) Long-term loans payable	159,350,000	158,874,541	(475,458)
Total liabilities	199,950,000	199,499,003	(450,996)
Derivative transactions (*)	(15,056)	(15,056)	—

33rd Fiscal Period [As of May 31, 2022]

(Unit: Thousands of yen)

	Carrying amount	Fair value	Difference
(1) Current portion of long-term loans payable	30,600,000	30,594,419	(5,580)
(2) Investment corporation bonds	9,000,000	8,959,310	(40,690)
(3) Long-term loans payable	166,200,000	165,401,287	(798,712)
Total liabilities	205,800,000	204,955,017	(844,982)
Derivative transactions (*)	337,031	337,031	—

(*) The value of receivables and payables arising from derivatives 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 long-term loans payable; (3) 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.

(*) For long-term loans payable that are subject to special accounting for interest rate swaps, the interest is handled together with applicable interest rate swaps. (Please refer to [Notes to Derivative Transactions] below.)

(2) Investment corporation bonds

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

Derivative transactions

Please refer to [Notes to Derivative Transactions] below.

(Note 2) Tenant leasehold and security deposits (20,388,209 thousand yen in the balance sheet from November 30, 2021, and 20,192,922 thousand yen in the balance sheet from May 31, 2022) and tenant leasehold and security deposits in trust (1,930,698 thousand yen in the balance sheet from November 30, 2021, and 1,972,139 thousand yen in the balance sheet for May 31, 2022) are omitted as they lack materiality.

(Note 3) Amount of 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
32nd Fiscal Period [As of November 30, 2021]

(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	31,600,000	—	—	—	—	—
Investment corporation bonds	—	—	3,800,000	1,500,000	—	3,700,000
Long-term loans payable	—	26,200,000	26,200,000	20,550,000	22,400,000	64,000,000
Total	31,600,000	26,200,000	30,000,000	22,050,000	22,400,000	67,700,000

33rd Fiscal Period [As of May 31, 2022]

(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	30,600,000	—	—	—	—	—
Investment corporation bonds	—	—	3,800,000	1,500,000	—	3,700,000
Long-term loans payable	—	25,600,000	30,800,000	20,700,000	20,200,000	68,900,000
Total	30,600,000	25,600,000	34,600,000	22,200,000	20,200,000	72,600,000

[Notes to Derivative Transactions]

(1) Transactions for which hedge accounting is not applied
32nd Fiscal Period [As of November 30, 2021]
Not applicable.

33rd Fiscal Period [As of May 31, 2022]
Not applicable.

(2) Transactions for which hedge accounting is applied
32nd Fiscal Period [As of November 30, 2021]

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	100,300,000	76,500,000	(15,056)	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	28,900,000	(*)	—
Total			129,200,000	105,400,000	(15,056)	—

33rd Fiscal Period [As of May 31, 2022]

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	89,800,000	67,500,000	337,031	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	28,900,000	(*)	—
Total			118,700,000	96,400,000	337,031	—

(*) 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 (1) (3).”)

[Notes to Transactions with Related Parties]

(1) Transactions with related parties

① Parent company and major corporate unitholders, etc.

32nd Fiscal Period [From: June 1, 2021 To: November 30, 2021]

Not applicable.

33rd Fiscal Period [From: December 1, 2021 To: May 31, 2022]

Not applicable.

② Affiliated companies, etc.

32nd Fiscal Period [From: June 1, 2021 To: November 30, 2021]

Not applicable.

33rd Fiscal Period [From: December 1, 2021 To: May 31, 2022]

Not applicable.

③ Sister companies, etc.

32nd Fiscal Period [From: June 1, 2021 To: November 30, 2021]

Not applicable.

33rd Fiscal Period [From: December 1, 2021 To: May 31, 2022]

Not applicable.

④ Officers and major individual unitholders, etc.

32nd Fiscal Period [From: June 1, 2021 To: November 30, 2021]

Not applicable.

33rd Fiscal Period [From: December 1, 2021 To: May 31, 2022]

Not applicable.

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

32nd Fiscal Period [From: June 1, 2021 To: November 30, 2021]

Parent company's information

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

33rd Fiscal Period [From: December 1, 2021 To: May 31, 2022]

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

32nd Fiscal Period [From: June 1, 2021 To: November 30, 2021]

(Unit: Thousands of yen)

	Revenue from contracts with customers (Note)	Sales to external customers
Sale of real estate properties	—	—
Utilities income	975,711	975,711
Other	—	12,906,653
Total	975,711	13,882,364

(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 comprise of proceeds from the sale of real estate properties and utilities income.

33rd Fiscal Period [From: December 1, 2021 To: May 31, 2022]

(Unit: Thousands of yen)

	Revenue from contracts with customers (Note 1)	Sales to external customers
Sale of real estate properties (Note 2)	8,190,000	900,931
Utilities income	891,583	891,583
Other	—	12,682,424
Total	9,081,583	14,474,939

(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 comprise of proceeds from the sale of real estate properties and utilities income.

(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.

[Notes to Investment and Rental Properties]

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

(Unit: Thousands of yen)

	32nd Fiscal Period [From: June 1, 2021 To: Nov. 30, 2021]	33rd Fiscal Period [From: Dec. 1, 2021 To: May 31, 2022]
Carrying amount		
Balance at beginning of period	450,041,503	450,782,802
Amount of increase (decrease) during period	741,299	2,777,348
Balance at end of period	450,782,802	453,560,151
Fair value at end of period	577,590,000	590,840,000

(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 32nd Fiscal Period, the amount of increase is mainly attributable to the acquisition of Kandabashi PR-EX (1,970 million yen) and the amount of decrease is mainly attributable to depreciation (1,808 million yen). For the 33rd Fiscal Period, the amount of increase is mainly attributable to the acquisition of Kandasudacho 2-Chome Development Site (land) (10,600 million yen) and the amount of decrease is mainly attributable to the transfer of two properties (Daiwa Minami-Aoyama and Daiwa Kojimachi 4-chome) (7,214 million yen) and depreciation (1,783 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

32nd Fiscal Period [From: June 1, 2021 To: November 30, 2021]

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 principal 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.

33rd Fiscal Period [From: December 1, 2021 To: May 31, 2022]

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 principal 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]

	32nd Fiscal Period [From: June 1, 2021 To: Nov. 30, 2021]	33rd Fiscal Period [From: Dec. 1, 2021 To: May 31, 2022]
Net assets per unit	519,655 yen	519,220 yen
Net income per unit	13,930 yen	15,443 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.

	32nd Fiscal Period [From: June 1, 2021 To: Nov. 30, 2021]	33rd Fiscal Period [From: Dec. 1, 2021 To: May 31, 2022]
Net income (Thousands of yen)	6,799,258	7,493,070
Amounts not attributable to common unitholders (Thousands of yen)	—	—
Net income attributable to common investment units (Thousands of yen)	6,799,258	7,493,070
Average number of investment units during the period (Units)	488,088	485,190

[Notes to Significant Subsequent Events]

Not applicable.

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

In the 33rd Fiscal Period, the Investment Corporation acquired own investment units and cancelled all of them. The overview of total number of investment units issued and outstanding and capital increase (decrease) in unitholders' capital in the most recent five years up to the end of the 33rd 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, 2018	Cancellation	(5,992)	491,877	(3,675)	247,876	(Note 2)
May 31, 2021	Cancellation	(3,789)	488,088	(2,782)	245,093	(Note 3)
May 31, 2022	Cancellation	(5,559)	482,529	(3,999)	241,093	(Note 4)

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

(Note 2) In the period from March 1, 2018, to May 18, 2018, 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 (5,992 units) on May 31, 2018, based on the resolution at its board of directors' meeting held on May 28, 2018.

(Note 3) 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 4) In the period from February 25, 2022, to May 16, 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.

3. Reference information

3.1. Investment Status

Type of asset	Use	Region	33rd Fiscal Period (As of May 31, 2022)	
			Total amount owned (Millions of yen) (Note 1)	As a percentage of total assets (%)
Real estate	Office	Five Central Wards of Tokyo (Note 2)	15,534	3.2
Trust beneficiary interest in real estate	Office	Five Central Wards of Tokyo (Note 2)	349,501	72.3
		Greater Tokyo (Note 3)	79,601	16.5
		Major Regional Cities (Note 4)	8,921	1.8
Subtotal			453,560	93.8
Deposits and other assets			29,900	6.2
Total amount of assets (Note 5)			483,461	100.0
			(453,560)	(93.8)

(Note 1) Total amount owned” is the carrying amount (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), 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 May 31, 2022)

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	12,797	17,000	3.0	
	Daiwa Ginza Annex		3,050	2,737	3,600	0.7	
	Daiwa Shibaura	Trust beneficiary interest in real estate	8,265	7,972	8,600	1.8	
	Daiwa Sarugakuchō		3,190	3,067	4,360	0.7	
	Daiwa A Hamamatsuchō (Note 5)		2,865	2,684	3,980	0.6	
	Daiwa Jingumae		2,800	2,645	3,260	0.6	
	Daiwa Shibadaimon		2,578	2,335	4,140	0.6	
	Daiwa Misakichō		2,346	2,085	3,160	0.5	
	Daiwa Tsukijiekimae		1,560	1,217	2,360	0.3	
	Daiwa Tsukiji		1,240	1,093	1,790	0.3	
	Daiwa Tsukishima		7,840	6,508	11,100	1.7	
	Daiwa Nihonbashi Horidomechō		2,520	2,350	3,080	0.5	
	Daiwa Azabudai		1,600	1,458	2,010	0.3	
	Shinjuku Maynds Tower (Note 5)		66,900	63,155	64,700	14.3	
	Daiwa SHIBUYA EDGE		5,900	5,547	5,480	1.3	
	Daiwa Kodenmachō		2,460	2,308	2,430	0.5	
	Daiwa Nishi-Shimbashi		5,000	4,562	7,370	1.1	
	Daiwa Kayabachō		5,600	5,084	8,520	1.2	
	Daiwa Jinbochō 3-chome		3,550	3,216	5,430	0.8	
	E SPACE TOWER		24,000	23,317	39,000	5.1	
	Daiwa Nihonbashi Hongokuchō		1,721	1,489	2,740	0.4	
	shinyon curumu		9,650	9,436	17,100	2.1	
	Daiwa Akasaka		9,200	10,016	15,800	2.0	
	Daiwa Shibuya Miyamasuzaka		7,000	7,220	13,900	1.5	
	Daiwa Azabu Terrace		14,000	13,726	19,000	3.0	
	Daiwa Ebisu 4-chome		4,135	4,158	6,620	0.9	
	LAQUAS Higashi Shinjuku		8,450	8,254	11,600	1.8	
	Daiwa Aoyama		9,800	9,946	12,700	2.1	
	Daiwa Shibuya Shinsen (Note 6)		4,800	4,872	6,610	1.0	
	Daiwa Shibuya Square		16,000	15,750	23,100	3.4	
	Daiwa River Gate		28,000	27,365	35,900	6.0	
	Daiwa Hatchobori ekimae		2,871	2,879	3,420	0.6	
	Daiwa Hatchobori ekimae West		1,647	1,709	2,030	0.4	
	Daiwa Nishi-Shinjuku		13,710	13,906	18,100	2.9	
	Kirin Nihonbashi		8,180	8,269	8,500	1.8	
	Daiwa Higashi-Nihonbashi		6,370	6,215	7,350	1.4	
	Daiwa Daikanyama		2,280	2,350	3,720	0.5	
	Daiwa Shinjuku West		942	986	1,320	0.2	
	Daiwa Kanda Mikurachō	1,592	1,606	1,860	0.3		
	Daiwa Kanda East	4,200	4,188	5,900	0.9		
	Daiwa Kandasudachō	2,295	2,377	2,900	0.5		
	Daiwa Sasazuka Tower	15,500	15,926	16,100	3.3		
	Daiwa Sasazuka	3,000	3,188	3,660	0.6		
	Daiwa Harumi	11,200	11,142	13,100	2.4		
	Daiwa Mita 2-Chome	2,635	1,571	4,220	0.6		
	Five Central Wards of Tokyo	Nihonbashi Central Square (Note 5)	Trust beneficiary interest in real estate	3,521	3,597	3,920	0.8
		Nihonbashi-Bakurochō 1-Chome Development Site (land) (Note 7)		3,775	3,803	4,550	0.8
		Daiwa Kandabashi (Note 6)		1,970	2,045	2,110	0.4
		Kandasudachō 2-Chome Development Site (land) (Note 8)		10,600	10,884	11,500	2.3
Total for Five Central Wards of Tokyo (49 properties)			376,408	365,036	480,700	80.7	

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	2,510	4,420	0.6
	Daiwa Shinagawa North		7,710	6,922	6,350	1.7
	Daiwa Kamiooka		2,000	1,770	2,970	0.4
	Daiwa Ogikubo Tower		15,220	15,979	23,300	3.3
	Daiwa Meguro Square		5,600	5,362	7,380	1.2
	Daiwa Ogikubo		3,800	3,968	4,960	0.8
	CONCURRED Yokohama (Note 5)		38,100	37,568	41,700	8.2
	Daiwa Shinagawa Gotenyama		2,500	2,596	2,880	0.5
	Daiwa Nakano-Sakaue		2,750	2,923	2,680	0.6
Total for Greater Tokyo (9 properties)			80,638	79,601	96,640	17.3
Major Regional Cities	Daiwa Kitahama	Trust beneficiary interest in real estate	9,481	8,921	13,500	2.0
Total for Major Regional Cities (1 property)			9,481	8,921	13,500	2.0
Total (59 properties)			466,528	453,560	590,840	100.0

(Note 1) Acquisition price” is excluding acquisition costs, fixed property tax, city planning tax, consumption tax and local consumption tax.

(Note 2) “Carrying amount” is the book value after depreciation as of May 31, 2022.

(Note 3) “Estimated price at end of period” is the price as of May 31, 2022, 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 property names were changed from “Shinsen Place” to “Daiwa Shibuya Shinsen” and from “Kandabashi PR-EX” to “Daiwa Kandabashi” on July 1, 2022.

(Note 7) The Investment Corporation plans to develop an office building on the property, and the developed and completed building is scheduled to be delivered by November 2022.

(Note 8) 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	8,114.93	8,106.30	23	99.8	444,564
	Daiwa Ginza Annex	SRC B3/8F	Aug. 1972	2,032.11	2,032.11	7	100.0	82,327
	Daiwa Shibaura	SRC B1/12F	Oct. 1987	9,619.67	9,578.76	56	99.5	268,386
	Daiwa Minami-Aoyama (Note 8)	S/SRC B2/5F	Sept. 1990	—	—	—	—	11,062
	Daiwa Sarugakucho (Note 9)	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	136,967
	Daiwa Jingumae	RC B1/4F	Dec. 1997	2,198.61	2,198.61	4	100.0	82,337
	Daiwa Shibadaimon	SRC/RC B1/7F	Nov. 1996	2,386.48	2,023.71	6	84.7	93,813
	Daiwa Misakicho (Note 9)	S 8F	July 1996	2,137.53	2,137.53	1	100.0	(Not disclosed)
	Daiwa Tsukijiekimae	SRC 10F	Jan. 1996	2,659.59	2,659.59	6	100.0	71,327
	Daiwa Tsukiji	SRC B1/7F	Jan. 1990	1,487.44	1,487.44	6	100.0	52,499
	Daiwa Tsukishima	S 5F	July 1996	8,425.69	8,425.69	4	100.0	283,441
	Daiwa Nihonbashi Horidomecho	SRC B2/7F	Apr. 1993	2,848.91	2,848.91	7	100.0	92,281
	Daiwa Azabudai	SRC B2/9F	Apr. 1984	1,697.88	1,697.88	11	100.0	56,390
	Daiwa Kojimachi 4-chome (Note 8)	SRC B2/9F	Oct. 1987	—	—	—	—	8,338
	Shinjuku Maynds Tower (Note 10)	S/SRC B3/34F	Sept. 1995	22,768.42	21,061.44	39	92.5	1,231,847
	Daiwa SHIBUYA EDGE	RC B1/9F	Aug. 2006	2,480.65	2,480.65	5	100.0	95,045
	Daiwa Kodenmachi	SRC 8F	Mar. 1985	2,379.31	2,065.94	7	86.8	62,662
	Daiwa Nishi-Shimbashi	SRC B1/10F	July 1993	4,815.84	4,815.84	11	100.0	183,991
	Daiwa Kayabacho (Note 9)	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	123,307
	E SPACE TOWER	S/SRC B1/15F	Oct. 2002	13,960.84	13,960.84	14	100.0	787,140
	Daiwa Nihonbashi Hongokucho	S 8F	May 2010	2,143.08	2,143.08	6	100.0	76,696
	shinyon curumu	S/RC B2/11F	Jan. 2012	6,751.31	6,751.31	17	100.0	388,403
	Daiwa Akasaka	SRC B2/7F	Sept. 1990	8,751.26	7,180.41	16	82.0	284,430
	Daiwa Shibuya Miyamasuzaka	S B1/12F	Dec. 1988	6,328.28	6,328.28	9	100.0	289,891
	Daiwa Azabu Terrace	S/RC B1/6F	Sept. 2009	13,234.39	12,433.31	10	93.9	469,097
	Daiwa Ebisu 4-chome (Note 9)	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	233,954
	Daiwa Aoyama	S/RC B1/7F	Nov. 2001	4,426.10	4,426.10	7	100.0	267,995
	Daiwa Shibuya Shinsen (Note 9)	RC B1/9F	Sept. 2001	2,811.35	2,811.35	1	100.0	(Not disclosed)
	Daiwa Shibuya Square	S/SRC B1/11F	Feb. 2004	8,566.73	8,566.73	9	100.0	463,331
Daiwa River Gate	S/SRC/RC B2/20F	Feb. 1994	32,045.25	31,876.79	96	99.4	891,648	
Daiwa Hatchobori ekimae	S/SRC B1/10F	Feb. 2006	2,622.42	2,622.42	9	100.0	83,554	
Daiwa Hatchobori ekimae West	SRC B1/9F	Feb. 1996	1,734.68	1,734.68	9	100.0	51,807	
Daiwa Nishi-Shinjuku	SRC/RC/S B2/11F	Aug. 1991	6,967.61	6,967.61	7	100.0	402,567	

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	Kirin Nihonbashi (Note 9)	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	180,264
	Daiwa Daikanyama (Note 9)	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	38,194
	Daiwa Kanda Mikuracho	SRC/S B1/7F	Jan. 1991	1,719.51	1,719.51	7	100.0	53,438
	Daiwa Kanda East	S 9F	Feb. 2005	3,980.56	3,980.56	5	100.0	140,906
	Daiwa Kandasudacho	S/RC B1/10F	Aug. 1990	2,211.64	2,211.64	7	100.0	63,541
	Daiwa Sasazuka Tower	SRC/RC/S B2/18F	Feb. 1993	16,158.16	16,158.16	7	100.0	477,000
	Daiwa Sasazuka	SRC/S B1/8F	Dec. 1991	3,828.95	3,828.95	9	100.0	98,318
	Daiwa Harumi	S B1/12F	Jan. 2008	11,227.10	11,227.10	7	100.0	343,563
	Daiwa Mita 2-Chome (Note 9)	S 8F	Mar. 2017	2,101.61	2,101.61	1	100.0	(Not disclosed)
	Nihonbashi Central Square (Note 11)	S 8F	Jan. 2010	1,837.05	1,837.05	10	100.0	92,007
	Nihonbashi-Bakurocho 1-Chome Development Site (land) (Note 12)	—	—	—	—	—	—	—
	Daiwa Kandabashi	S B1/10F	Aug. 2009	1,224.00	1,097.30	11	89.6	33,476
	Kandasudacho 2-Chome Development Site (land) (Note 12)	—	—	—	—	—	—	—
Total for Five Central Wards of Tokyo (51 properties)				270,651.85	265,552.10	511	98.1	10,630,996
Greater Tokyo	Daiwa Higashi-Ikebukuro	SRC/S B1/9F	June 1993	4,462.28	4,462.28	8	100.0	134,909
	Daiwa Shinagawa North	SRC B1/11F	July 1991	6,546.03	6,235.34	14	95.2	196,602
	Daiwa Kamiooka	S/SRC B3/7F	May 2011	2,630.30	2,630.30	9	100.0	93,293
	Daiwa Ogikubo Tower (Note 13)	S/SRC B2/18F	June 1993	17,778.14	17,778.14	10	100.0	633,969
	Daiwa Meguro Square	S/SRC B2/14F	July 2009	3,519.50	3,519.50	16	100.0	162,822
	Daiwa Ogikubo	SRC B1/7F	Nov. 1990	3,849.63	3,849.63	11	100.0	122,964
	CONCURRED Yokohama (Note 14)	S/SRC B1/20F	Feb. 2008	28,052.98	28,052.98	36	100.0	1,032,127
	Daiwa Shinagawa Gotenyama	SRC/S 8F	July 1992	2,396.96	2,396.96	7	100.0	80,023
	Daiwa Nakano-Sakaue	SRC B1/8F	Jan. 1995	2,716.92	2,716.92	6	100.0	68,083
Total for Greater Tokyo (9 properties)				71,952.74	71,642.05	117	99.5	2,524,797
Major Regional Cities	Daiwa Kitahama	S/SRC B1/16F	Feb. 2008	13,517.62	13,517.62	7	100.0	404,444
Total for Major Regional Cities (1 property)				13,517.62	13,517.62	7	100.0	404,444
Total (61 properties)				356,122.21	350,711.77	635	98.4	13,560,238

(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 May 31, 2022.

(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 May 31, 2022.

(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 33rd Fiscal Period, rounded down to the nearest thousand yen.
- (Note 8) The property was divested on December 16, 2021. This is reflected in the totals for the number of properties and the rent revenue during current period.
- (Note 9) 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 10) 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 11) 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 12) 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 13) The buildings consist of three registrations. Of these, the details of the major building are shown here.
- (Note 14) 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 (million yen)		
			Total amount	Amount paid during current period	Total amount already paid
Daiwa Ogikubo Tower (Suginami-ku, Tokyo)	Conversion to LED lighting at common and exclusive areas	From: June 2022 To: Nov. 2022	82	—	—
Shinjuku Maynds Tower (Shibuya-ku, Tokyo)	Upgrading of air-conditioning facilities	From: June 2022 To: Nov. 2022	54	—	—
Daiwa Shibuya Shinsen (Shibuya-ku, Tokyo)	Renewal work of kitchen and bathroom	From: June 2022 To: Nov. 2022	32	—	—
Daiwa River Gate (Chuo-ku, Tokyo)	Renewal of escalator	From: June 2022 To: Nov. 2022	32	—	—

B. Capital Expenditures During the 33rd Fiscal Period

The following summarizes the primary construction work that constitutes capital expenditures implemented during the 33rd Fiscal Period for existing portfolio properties. Capital expenditures for the 33rd Fiscal Period amounted to 856 million yen and, when combined with the 222 million yen in repair expenses charged to the 33rd Fiscal Period expenses, totals 1,078 million yen in construction work implemented.

Name of real estate properties (Location)	Purpose	Period	Construction amount paid (Millions of yen)
Daiwa Ginza (Chuo-ku, Tokyo)	Upgrading of air-conditioning facilities	From: Dec. 2021 To: May 2022	210
Daiwa Nakano-Sakaue (Nakano-ku, Tokyo)	Upgrading of air-conditioning facilities	From: Dec. 2021 To: May 2022	83
Daiwa River Gate (Chuo-ku, Tokyo)	Renovation of power receiving and transforming facility	From: May 2022 To: May 2022	64
Other			496
Total			856

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	29th Fiscal Period [From: Dec. 1, 2019 To: May 31, 2020]	30th Fiscal Period [From: June 1, 2020 To: Nov. 30, 2020]	31st Fiscal Period [From: Dec. 1, 2020 To: May 31, 2021]	32nd Fiscal Period [From: June 1, 2021 To: Nov. 30, 2021]	33rd Fiscal Period [From: Dec. 1, 2021 To: May 31, 2022]
Balance of reserve at beginning of current period	2,150	2,150	2,190	2,190	1,225
Amount of reserve in current period	—	40	—	—	744
Reversal of reserve in current period	—	—	—	965	351
Amount carried forward to next period	2,150	2,190	2,190	1,225	1,619

3.2.4. Summary of Estimated Price at End of Period (As of May 31, 2022)

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	17,000	17,200	3.3	16,700	3.1	3.5
Daiwa Ginza Annex	3,600	3,770	3.3	3,530	3.1	3.5
Daiwa Shibaura	8,600	8,600	3.8	8,600	3.6	4.0
Daiwa Sarugakucho	4,360	4,440	4.1	4,270	3.9	4.3
Daiwa A Hamamatsucho (Note 2)	3,980	4,080	3.6	3,940	3.4	3.8
Daiwa Jingumae	3,260	3,310	3.5	3,200	3.3	3.7
Daiwa Shibadaimon	4,140	4,200	3.4	4,120	3.2	3.6
Daiwa Misakicho	3,160	3,220	3.7	3,140	3.5	3.9
Daiwa Tsukijiekimae (Note 3)	2,360	2,390	4.0	2,350	4.0	4.2
Daiwa Tsukiji	1,790	1,800	3.8	1,790	3.8	4.0
Daiwa Tsukishima	11,100	11,200	3.9	11,000	3.6	4.1
Daiwa Nihonbashi Horidomecho	3,080	3,150	3.7	3,010	3.5	3.9
Daiwa Azabudai	2,010	2,040	3.7	1,970	3.5	3.9
Shinjuku Maynds Tower (Note 4)	64,700	157,000	3.0	149,000	2.8	3.2
Daiwa SHIBUYA EDGE	5,480	5,590	3.4	5,370	3.2	3.6
Daiwa Kodenmacho	2,430	2,470	3.9	2,390	3.7	4.1
Daiwa Nishi-Shimbashi	7,370	7,530	3.4	7,300	3.2	3.6
Daiwa Kayabacho	8,520	8,690	3.2	8,450	3.0	3.4
Daiwa Jinbocho 3-chome	5,430	5,550	3.2	5,380	3.0	3.4
E SPACE TOWER	39,000	39,400	2.8	38,500	2.6	2.9
Daiwa Nihonbashi Hongokucho	2,740	2,760	3.8	2,730	3.6	4.0
shinyon curumu	17,100	17,400	3.1	16,900	2.9	3.3
Daiwa Akasaka	15,800	16,200	3.1	15,600	2.9	3.3
Daiwa Shibuya Miyamasuzaka	13,900	14,100	3.1	13,700	2.9	3.2
Daiwa Azabu Terrace	19,000	19,200	3.3	18,800	3.1	3.4
Daiwa Ebisu 4-chome	6,620	6,630	3.5	6,610	3.6	3.7
LAQUAS Higashi Shinjuku	11,600	12,000	3.2	11,400	3.0	3.4
Daiwa Aoyama	12,700	13,000	3.1	12,500	2.9	3.3
Daiwa Shibuya Shinsen	6,610	6,850	3.2	6,500	3.0	3.4
Daiwa Shibuya Square	23,100	23,200	3.1	23,000	2.9	3.2
Daiwa River Gate	35,900	36,200	3.4	35,600	3.2	3.5
Daiwa Hatchobori ekimae	3,420	3,500	3.3	3,380	3.1	3.5
Daiwa Hatchobori ekimae West	2,030	2,100	3.4	2,000	3.2	3.6
Daiwa Nishi-Shinjuku	18,100	18,400	3.2	17,900	3.0	3.4
Kirin Nihonbashi	8,500	8,570	3.5	8,420	3.3	3.6
Daiwa Higashi-Nihonbashi	7,350	7,510	3.7	7,280	3.5	3.9

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 Daikanyama (Note 5)	3,720	3,760	3.1	3,700	3.1	3.3
Daiwa Shinjuku West	1,320	1,330	3.7	1,310	3.5	3.9
Daiwa Kanda Mikuracho	1,860	1,870	3.7	1,860	3.7	3.9
Daiwa Kanda East	5,900	5,960	3.2	5,830	3.0	3.3
Daiwa Kandasudacho	2,900	2,970	3.5	2,870	3.5	3.7
Daiwa Sasazuka Tower	16,100	16,500	3.8	15,900	3.6	4.0
Daiwa Sasazuka	3,660	3,780	3.9	3,610	3.7	4.1
Daiwa Harumi	13,100	13,200	3.5	12,900	3.5	3.7
Daiwa Mita 2-Chome	4,220	4,260	3.6	4,180	3.4	3.7
Nihonbashi Central Square (Note 6)	3,920	4,010	3.3	3,820	3.1	3.5
Nihonbashi-Bakurocho 1-Chome Development Site (land) (Note 7)	4,550	—	—	—	—	—
Daiwa Kandabashi	2,110	2,190	3.3	2,080	3.1	3.5
Kandasudacho 2-Chome Development Site (land) (Note 8)	11,500	—	—	—	—	—
Daiwa Higashi-Ikebukuro	4,420	4,480	3.9	4,390	3.7	4.1
Daiwa Shinagawa North	6,350	6,480	4.0	6,220	3.8	4.2
Daiwa Kamiooka	2,970	3,000	4.4	2,950	4.2	4.6
Daiwa Ogikubo Tower	23,300	23,500	3.6	23,200	3.4	3.8
Daiwa Meguro Square	7,380	7,580	3.4	7,300	3.2	3.6
Daiwa Ogikubo	4,960	5,040	3.8	4,920	3.6	4.0
CONCURRED Yokohama (Note 9)	41,700	42,900	4.1	41,200	3.9	4.3
Daiwa Shinagawa Gotenyama	2,880	2,930	3.9	2,860	3.7	4.1
Daiwa Nakano-Sakaue	2,680	2,790	3.9	2,630	3.6	4.1
Daiwa Kitahama	13,500	13,700	3.6	13,400	3.4	3.8
Total	590,840	675,480	—	653,460	—	—

(Note 1) “Estimated price at end of period” is the price as of May 31, 2022, 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 second fiscal year (3.9% in the first 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 after the 11th fiscal year (3.2% up to the 10th fiscal year).

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

(Note 7) For Nihonbashi-Bakurocho 1-Chome Development Site (land), the estimated price at end of period is the income approach price indicated by the direct capitalization method (development leasing-type).

(Note 8) For Kandasudacho 2-Chome Development Site (land), the estimated price at end of period is the income approach price indicated by the direct capitalization method (development leasing-type).

(Note 9) 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 33rd Fiscal Period (from December 1, 2021, to May 31, 2022). 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 Minami-Aoyama (Note 3)	Daiwa Sarugakucho (Note 4)
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
	Investment ratio (%)	3.0	0.7	1.8	—	0.7
	Carrying amount (Millions of yen)	12,797	2,737	7,972	—	3,067
	Estimated price at end of period (Millions of yen)	17,000	3,600	8,600	—	4,360
Leasing information	Total number of tenants (Note 1)	23	7	56	—	2
	Leasable floor area (m ²)	8,114.93	2,032.11	9,619.67	—	3,657.43
	Leased floor area (m ²)	8,106.30	2,032.11	9,578.76	—	3,657.43
	Occupancy rate (%)					
	End of May 2020	99.4	100.0	97.9	100.0	100.0
	End of Nov. 2020	99.7	93.2	98.3	100.0	100.0
	End of May 2021	99.7	100.0	98.7	100.0	100.0
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	
Income (loss) information	Number of days of asset management	182	182	182	15	182
	Total property leasing revenue (A) (Thousands of yen)	444,564	86,327	269,706	11,062	(Not disclosed)
	Rent revenue – real estate	444,564	82,327	268,386	11,062	(Not disclosed)
	Other lease business revenue	—	4,000	1,320	—	(Not disclosed)
	Total property leasing expenses (B) (Thousands of yen)	208,357	38,986	102,773	15,949	(Not disclosed)
	Consignment expenses	25,195	6,386	17,489	463	(Not disclosed)
	Utilities expenses	21,366	4,666	14,559	1,190	(Not disclosed)
	Taxes and dues	33,894	11,230	20,777	11,829	(Not disclosed)
	Non-life insurance expenses	556	127	501	16	(Not disclosed)
	Repair expenses	44,188	7,341	11,877	20	(Not disclosed)
	Depreciation (C)	66,666	9,234	37,547	2,429	(Not disclosed)
	Other lease business expenses	16,489	—	20	—	(Not disclosed)
	Operating income (loss) from property leasing (D) [(A) – (B)] (Thousands of yen)	236,206	47,341	166,932	(4,886)	(Not disclosed)
NOI (E) [(D) + (C)] (Thousands of yen)	302,873	56,575	204,480	(2,456)	99,139	
Capital expenditures (F) (Thousands of yen)	235,075	24,066	5,028	—	—	
NCF [(E) – (F)] (Thousands of yen)	67,797	32,509	199,452	(2,456)	99,139	
Reference information	Expense rate (%) [(B) ÷ (A)]	46.87	45.16	38.11	144.17	(Not disclosed)
	Annual amount of fixed property tax, etc. for fiscal 2022 (Thousands of yen)	71,958	23,688	42,045	—	14,511
	Estimated long-term repair expenses (Thousands of yen) (Note 2)	785,230	203,990	302,630	—	96,757

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Region		Five Central Wards of Tokyo				
Property name		Daiwa A Hamamatsucho	Daiwa Jingu-mae	Daiwa Shibadaimon	Daiwa Misakicho (Note 4)	Daiwa Tsukijiekimae
Acquisition date		Oct. 2005	Oct. 2005	Oct. 2005	Oct. 2005	Jan. 2006
Price information	Acquisition price (Millions of yen)	2,865	2,800	2,578	2,346	1,560
	Investment ratio (%)	0.6	0.6	0.6	0.5	0.3
	Carrying amount (Millions of yen)	2,684	2,645	2,335	2,085	1,217
	Estimated price at end of period (Millions of yen)	3,980	3,260	4,140	3,160	2,360
Leasing information	Total number of tenants (Note 1)	12	4	6	1	6
	Leasable floor area (m ²)	3,663.38	2,198.61	2,386.48	2,137.53	2,659.59
	Leased floor area (m ²)	3,663.38	2,198.61	2,023.71	2,137.53	2,659.59
	Occupancy rate (%)					
	End of May 2020	100.0	78.5	100.0	100.0	100.0
	End of Nov. 2020	100.0	78.5	100.0	100.0	100.0
	End of May 2021	100.0	100.0	100.0	100.0	100.0
	End of Nov. 2021	100.0	100.0	100.0	100.0	100.0
End of May 2022	100.0	100.0	84.7	100.0	100.0	
Income (loss) information	Number of days of asset management	182	182	182	182	182
	Total property leasing revenue (A) (Thousands of yen)	136,967	82,337	93,813	(Not disclosed)	71,327
	Rent revenue – real estate	136,967	82,337	93,813	(Not disclosed)	71,327
	Other lease business revenue	—	—	—	(Not disclosed)	—
	Total property leasing expenses (B) (Thousands of yen)	72,121	27,717	29,307	(Not disclosed)	28,228
	Consignment expenses	10,380	8,482	5,864	(Not disclosed)	3,782
	Utilities expenses	7,038	3,035	5,014	(Not disclosed)	4,083
	Taxes and dues	9,072	6,896	6,628	(Not disclosed)	5,265
	Non-life insurance expenses	237	108	153	(Not disclosed)	128
	Repair expenses	847	146	1,190	(Not disclosed)	806
	Depreciation (C)	15,144	9,040	10,454	(Not disclosed)	14,143
	Other lease business expenses	29,400	7	—	(Not disclosed)	18
	Operating income (loss) from property leasing (D) [(A) – (B)] (Thousands of yen)	64,846	54,620	64,505	(Not disclosed)	43,099
	NOI (E) [(D) + (C)] (Thousands of yen)	79,991	63,660	74,960	66,838	57,242
Capital expenditures (F) (Thousands of yen)	10,625	—	9,917	898	110	
NCF [(E) – (F)] (Thousands of yen)	69,365	63,660	65,043	65,940	57,132	
Reference information	Expense rate (%) [(B) ÷ (A)]	52.66	33.66	31.24	(Not disclosed)	39.58
	Annual amount of fixed property tax, etc. for fiscal 2022 (Thousands of yen)	18,515	14,255	13,367	11,016	10,709
	Estimated long-term repair expenses (Thousands of yen) (Note 2)	103,380	99,700	87,656	114,585	79,450

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Region		Five Central Wards of Tokyo				
Property name		Daiwa Tsukiji	Daiwa Tsukishima	Daiwa Nihonbashi Horidomecho	Daiwa Azabudai	Daiwa Kojimachi 4-chome (Note 3)
Acquisition date		Jan. 2006	Mar. 2006	May 2006	May 2006	Oct. 2006
Price information	Acquisition price (Millions of yen)	1,240	7,840	2,520	1,600	—
	Investment ratio (%)	0.3	1.7	0.5	0.3	—
	Carrying amount (Millions of yen)	1,093	6,508	2,350	1,458	—
	Estimated price at end of period (Millions of yen)	1,790	11,100	3,080	2,010	—
Leasing information	Total number of tenants (Note 1)	6	4	7	11	—
	Leasable floor area (m ²)	1,487.44	8,425.69	2,848.91	1,697.88	—
	Leased floor area (m ²)	1,487.44	8,425.69	2,848.91	1,697.88	—
	Occupancy rate (%)					
	End of May 2020	100.0	100.0	100.0	100.0	100.0
	End of Nov. 2020	100.0	100.0	100.0	100.0	100.0
	End of May 2021	100.0	100.0	100.0	100.0	100.0
	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	—	
Income (loss) information	Number of days of asset management	182	182	182	182	15
	Total property leasing revenue (A) (Thousands of yen)	52,499	283,441	92,281	56,390	8,338
	Rent revenue – real estate	52,499	283,441	92,281	56,390	8,338
	Other lease business revenue	—	—	—	—	—
	Total property leasing expenses (B) (Thousands of yen)	18,666	98,683	35,465	19,343	19,175
	Consignment expenses	3,813	12,503	4,908	3,947	455
	Utilities expenses	2,552	10,687	5,291	2,474	1,245
	Taxes and dues	4,096	14,929	7,012	5,060	14,960
	Non-life insurance expenses	78	379	165	96	15
	Repair expenses	1,261	2,397	2,520	168	—
	Depreciation (C)	6,864	57,785	15,566	7,596	2,499
	Other lease business expenses	—	—	—	—	—
	Operating income (loss) from property leasing (D) [(A) – (B)] (Thousands of yen)	33,833	184,758	56,815	37,047	(10,837)
NOI (E) [(D) + (C)] (Thousands of yen)	40,698	242,543	72,381	44,644	(8,338)	
Capital expenditures (F) (Thousands of yen)	2,394	2,840	888	—	—	
NCF [(E) – (F)] (Thousands of yen)	38,303	239,703	71,493	44,644	(8,338)	
Reference information	Expense rate (%) [(B) ÷ (A)]	35.55	34.82	38.43	34.30	229.98
	Annual amount of fixed property tax, etc. for fiscal 2022 (Thousands of yen)	8,394	30,724	14,139	10,395	—
	Estimated long-term repair expenses (Thousands of yen) (Note 2)	97,348	136,680	147,575	110,990	—

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Region		Five Central Wards of Tokyo				
Property name		Shinjuku Maynds Tower	Daiwa SHIBUYA EDGE	Daiwa Kodenmacho	Daiwa Nishi-Shimbashi	Daiwa Kayabacho (Note 4)
Acquisition date		July 2007 and Nov. 2007	July 2007	Aug. 2007	Aug. 2010	Mar. 2011
Price information	Acquisition price (Millions of yen)	66,900	5,900	2,460	5,000	5,600
	Investment ratio (%)	14.3	1.3	0.5	1.1	1.2
	Carrying amount (Millions of yen)	63,155	5,547	2,308	4,562	5,084
	Estimated price at end of period (Millions of yen)	64,700	5,480	2,430	7,370	8,520
Leasing information	Total number of tenants (Note 1)	39	5	7	11	1
	Leasable floor area (m ²)	22,768.42	2,480.65	2,379.31	4,815.84	5,899.11
	Leased floor area (m ²)	21,061.44	2,480.65	2,065.94	4,815.84	5,899.11
	Occupancy rate (%)					
	End of May 2020	100.0	100.0	100.0	100.0	100.0
	End of Nov. 2020	100.0	100.0	100.0	100.0	100.0
	End of May 2021	99.6	100.0	100.0	100.0	100.0
	End of Nov. 2021	98.0	73.9	100.0	100.0	100.0
End of May 2022	92.5	100.0	86.8	100.0	100.0	
Income (loss) information	Number of days of asset management	182	182	182	182	182
	Total property leasing revenue (A) (Thousands of yen)	1,231,847	95,045	62,662	183,991	(Not disclosed)
	Rent revenue – real estate	1,231,847	95,045	62,662	183,991	(Not disclosed)
	Other lease business revenue	—	—	—	—	(Not disclosed)
	Total property leasing expenses (B) (Thousands of yen)	554,569	47,246	23,319	80,469	(Not disclosed)
	Consignment expenses	82,452	22,664	5,276	15,484	(Not disclosed)
	Utilities expenses	122,704	5,132	4,445	9,408	(Not disclosed)
	Taxes and dues	134,673	8,138	3,829	16,241	(Not disclosed)
	Non-life insurance expenses	2,377	135	119	311	(Not disclosed)
	Repair expenses	9,630	1,241	730	1,430	(Not disclosed)
	Depreciation (C)	201,252	9,934	8,094	37,591	(Not disclosed)
	Other lease business expenses	1,478	—	822	—	(Not disclosed)
	Operating income (loss) from property leasing (D) [(A) – (B)] (Thousands of yen)	677,277	47,798	39,342	103,521	(Not disclosed)
NOI (E) [(D) + (C)] (Thousands of yen)	878,530	57,732	47,437	141,113	151,401	
Capital expenditures (F) (Thousands of yen)	49,436	2,106	880	27,222	470	
NCF [(E) – (F)] (Thousands of yen)	829,094	55,625	46,557	113,891	150,931	
Reference information	Expense rate (%) [(B) ÷ (A)]	45.02	49.71	37.21	43.74	(Not disclosed)
	Annual amount of fixed property tax, etc. for fiscal 2022 (Thousands of yen)	272,926	16,714	7,871	32,980	26,008
	Estimated long-term repair expenses (Thousands of yen) (Note 2)	5,834,950	45,350	84,051	178,710	138,850

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Region		Five Central Wards of Tokyo				
Property name		Daiwa Jinbocho 3-chome	E SPACE TOWER	Daiwa Nihonbashi Hongokuchō	shinyon curumu	Daiwa Akasaka
Acquisition date		Mar. 2011	July 2011	May 2012	Dec. 2012 and Apr. 2013	Aug. 2013
Price information	Acquisition price (Millions of yen)	3,550	24,000	1,721	9,650	9,200
	Investment ratio (%)	0.8	5.1	0.4	2.1	2.0
	Carrying amount (Millions of yen)	3,216	23,317	1,489	9,436	10,016
	Estimated price at end of period (Millions of yen)	5,430	39,000	2,740	17,100	15,800
Leasing information	Total number of tenants (Note 1)	8	14	6	17	16
	Leasable floor area (m ²)	2,889.34	13,960.84	2,143.08	6,751.31	8,751.26
	Leased floor area (m ²)	2,889.34	13,960.84	2,143.08	6,751.31	7,180.41
	Occupancy rate (%)					
	End of May 2020	100.0	100.0	100.0	100.0	100.0
	End of Nov. 2020	100.0	92.8	100.0	96.7	100.0
	End of May 2021	88.1	100.0	100.0	93.3	96.7
End of Nov. 2021	100.0	100.0	100.0	100.0	82.0	
End of May 2022	100.0	100.0	100.0	100.0	82.0	
Income (loss) information	Number of days of asset management	182	182	182	182	182
	Total property leasing revenue (A) (Thousands of yen)	123,307	787,140	76,696	391,854	284,430
	Rent revenue – real estate	123,307	787,140	76,696	388,403	284,430
	Other lease business revenue	–	–	–	3,450	–
	Total property leasing expenses (B) (Thousands of yen)	44,584	231,546	24,862	123,227	151,913
	Consignment expenses	7,370	49,841	3,765	24,221	33,588
	Utilities expenses	6,517	39,353	2,926	18,741	18,756
	Taxes and dues	9,921	62,044	4,549	37,898	35,355
	Non-life insurance expenses	163	844	97	417	536
	Repair expenses	703	5,635	92	3,708	2,922
	Depreciation (C)	19,908	73,704	13,430	38,213	60,753
	Other lease business expenses	–	121	–	25	–
	Operating income (loss) from property leasing (D) [(A) – (B)] (Thousands of yen)	78,722	555,593	51,833	268,626	132,517
NOI (E) [(D) + (C)] (Thousands of yen)	98,630	629,298	65,264	306,839	193,271	
Capital expenditures (F) (Thousands of yen)	589	9,027	–	420	21,683	
NCF [(E) – (F)] (Thousands of yen)	98,040	620,271	65,264	306,419	171,587	
Reference information	Expense rate (%) [(B) ÷ (A)]	36.16	29.42	32.42	31.45	53.41
	Annual amount of fixed property tax, etc. for fiscal 2022 (Thousands of yen)	20,328	128,299	9,257	77,852	72,374
	Estimated long-term repair expenses (Thousands of yen) (Note 2)	98,780	696,050	75,395	166,089	327,392

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Region		Five Central Wards of Tokyo				
Property name		Daiwa Shibuya Miyamasuzaka	Daiwa Azabu Terrace	Daiwa Ebisu 4-chome (Note 4)	LAQUAS Higashi Shinjuku	Daiwa Aoyama
Acquisition date		Sept. 2013	July 2014	Dec. 2014	Dec. 2014	Mar. 2015
Price information	Acquisition price (Millions of yen)	7,000	14,000	4,135	8,450	9,800
	Investment ratio (%)	1.5	3.0	0.9	1.8	2.1
	Carrying amount (Millions of yen)	7,220	13,726	4,158	8,254	9,946
	Estimated price at end of period (Millions of yen)	13,900	19,000	6,620	11,600	12,700
Leasing information	Total number of tenants (Note 1)	9	10	1	4	7
	Leasable floor area (m ²)	6,328.28	13,234.39	2,951.70	7,498.33	4,426.10
	Leased floor area (m ²)	6,328.28	12,433.31	2,951.70	7,498.33	4,426.10
	Occupancy rate (%)					
	End of May 2020	100.0	100.0	100.0	100.0	100.0
	End of Nov. 2020	100.0	100.0	100.0	100.0	85.9
	End of May 2021	88.1	100.0	100.0	100.0	100.0
End of Nov. 2021	99.2	100.0	100.0	100.0	100.0	
End of May 2022	100.0	93.9	100.0	100.0	100.0	
Income (loss) information	Number of days of asset management	182	182	182	182	182
	Total property leasing revenue (A) (Thousands of yen)	289,891	469,097	(Not disclosed)	233,997	267,995
	Rent revenue – real estate	289,891	469,097	(Not disclosed)	233,954	267,995
	Other lease business revenue	—	—	(Not disclosed)	42	—
	Total property leasing expenses (B) (Thousands of yen)	84,430	157,648	(Not disclosed)	84,181	54,420
	Consignment expenses	17,546	29,941	(Not disclosed)	11,102	12,866
	Utilities expenses	12,074	39,087	(Not disclosed)	13,080	7,005
	Taxes and dues	23,377	33,703	(Not disclosed)	21,114	15,234
	Non-life insurance expenses	389	762	(Not disclosed)	387	199
	Repair expenses	3,538	89	(Not disclosed)	4,219	154
	Depreciation (C)	27,468	54,065	(Not disclosed)	34,118	18,959
	Other lease business expenses	36	—	(Not disclosed)	158	—
	Operating income (loss) from property leasing (D) [(A) – (B)] (Thousands of yen)	205,461	311,448	(Not disclosed)	149,815	213,575
NOI (E) [(D) + (C)] (Thousands of yen)	232,929	365,513	114,731	183,934	232,534	
Capital expenditures (F) (Thousands of yen)	—	1,676	24,109	2,964	—	
NCF [(E) – (F)] (Thousands of yen)	232,929	363,837	90,621	180,969	232,534	
Reference information	Expense rate (%) [(B) ÷ (A)]	29.12	33.61	(Not disclosed)	35.98	20.31
	Annual amount of fixed property tax, etc. for fiscal 2022 (Thousands of yen)	48,563	68,841	19,817	42,929	32,610
	Estimated long-term repair expenses (Thousands of yen) (Note 2)	457,625	491,112	98,692	162,700	175,290

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Region		Five Central Wards of Tokyo				
Property name		Daiwa Shibuya Shinsen (Note 4)	Daiwa Shibuya Square	Daiwa River Gate	Daiwa Hatchobori ekimae	Daiwa Hatchobori ekimae West
Acquisition date		Mar. 2015	May 2015	June 2015	Sept. 2015	Sept. 2015
Price information	Acquisition price (Millions of yen)	4,800	16,000	28,000	2,871	1,647
	Investment ratio (%)	1.0	3.4	6.0	0.6	0.4
	Carrying amount (Millions of yen)	4,872	15,750	27,365	2,879	1,709
	Estimated price at end of period (Millions of yen)	6,610	23,100	35,900	3,420	2,030
Leasing information	Total number of tenants (Note 1)	1	9	96	9	9
	Leasable floor area (m ²)	2,811.35	8,566.73	32,045.25	2,622.42	1,734.68
	Leased floor area (m ²)	2,811.35	8,566.73	31,876.79	2,622.42	1,734.68
	Occupancy rate (%)					
	End of May 2020	100.0	100.0	99.4	100.0	100.0
	End of Nov. 2020	100.0	100.0	96.4	100.0	95.8
	End of May 2021	100.0	100.0	83.4	100.0	100.0
	End of Nov. 2021	100.0	96.8	92.6	100.0	100.0
End of May 2022	100.0	100.0	99.4	100.0	100.0	
Income (loss) information	Number of days of asset management	182	182	182	182	182
	Total property leasing revenue (A) (Thousands of yen)	(Not disclosed)	463,331	896,534	83,554	51,807
	Rent revenue – real estate	(Not disclosed)	463,331	891,648	83,554	51,807
	Other lease business revenue	(Not disclosed)	—	4,886	—	—
	Total property leasing expenses (B) (Thousands of yen)	(Not disclosed)	115,690	441,888	36,944	25,877
	Consignment expenses	(Not disclosed)	20,957	82,817	8,572	6,282
	Utilities expenses	(Not disclosed)	19,726	97,548	6,225	2,802
	Taxes and dues	(Not disclosed)	28,638	102,276	9,270	4,260
	Non-life insurance expenses	(Not disclosed)	481	2,238	164	85
	Repair expenses	(Not disclosed)	19,489	17,051	1,448	7,092
	Depreciation (C)	(Not disclosed)	26,396	139,806	11,262	5,353
	Other lease business expenses	(Not disclosed)	—	150	—	—
	Operating income (loss) from property leasing (D) [(A) – (B)] (Thousands of yen)	(Not disclosed)	347,641	454,646	46,609	25,930
NOI (E) [(D) + (C)] (Thousands of yen)	123,230	374,038	594,452	57,872	31,284	
Capital expenditures (F) (Thousands of yen)	2,885	1,924	137,862	6,629	12,077	
NCF [(E) – (F)] (Thousands of yen)	120,345	372,113	456,590	51,242	19,206	
Reference information	Expense rate (%) [(B) ÷ (A)]	(Not disclosed)	24.97	49.29	44.22	49.95
	Annual amount of fixed property tax, etc. for fiscal 2022 (Thousands of yen)	17,637	58,684	201,737	18,731	8,759
	Estimated long-term repair expenses (Thousands of yen) (Note 2)	178,610	234,380	2,001,250	159,500	91,420

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Region		Five Central Wards of Tokyo				
Property name		Daiwa Nishi-Shinjuku	Kirin Nihonbashi (Note 4)	Daiwa Higashi-Nihonbashi	Daiwa Daikanyama (Note 4)	Daiwa Shinjuku West
Acquisition date		Mar. 2016	May 2016	June 2016	June 2016	July 2016
Price information	Acquisition price (Millions of yen)	13,710	8,180	6,370	2,280	942
	Investment ratio (%)	2.9	1.8	1.4	0.5	0.2
	Carrying amount (Millions of yen)	13,906	8,269	6,215	2,350	986
	Estimated price at end of period (Millions of yen)	18,100	8,500	7,350	3,720	1,320
Leasing information	Total number of tenants (Note 1)	7	1	5	1	9
	Leasable floor area (m ²)	6,967.61	5,630.17	5,015.88	1,642.83	1,118.74
	Leased floor area (m ²)	6,967.61	5,630.17	5,015.88	1,642.83	1,118.74
	Occupancy rate (%)					
	End of May 2020	100.0	100.0	100.0	100.0	100.0
	End of Nov. 2020	100.0	100.0	100.0	100.0	100.0
	End of May 2021	100.0	100.0	100.0	100.0	100.0
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	
Income (loss) information	Number of days of asset management	182	182	182	182	182
	Total property leasing revenue (A) (Thousands of yen)	402,567	(Not disclosed)	180,264	(Not disclosed)	38,194
	Rent revenue – real estate	402,567	(Not disclosed)	180,264	(Not disclosed)	38,194
	Other lease business revenue	—	(Not disclosed)	—	(Not disclosed)	—
	Total property leasing expenses (B) (Thousands of yen)	90,602	(Not disclosed)	57,702	(Not disclosed)	12,705
	Consignment expenses	15,177	(Not disclosed)	7,412	(Not disclosed)	4,494
	Utilities expenses	14,550	(Not disclosed)	9,790	(Not disclosed)	2,354
	Taxes and dues	38,904	(Not disclosed)	11,673	(Not disclosed)	3,128
	Non-life insurance expenses	411	(Not disclosed)	265	(Not disclosed)	52
	Repair expenses	421	(Not disclosed)	238	(Not disclosed)	260
	Depreciation (C)	21,137	(Not disclosed)	28,322	(Not disclosed)	2,414
	Other lease business expenses	—	(Not disclosed)	—	(Not disclosed)	—
	Operating income (loss) from property leasing (D) [(A) – (B)] (Thousands of yen)	311,964	(Not disclosed)	122,562	(Not disclosed)	25,489
NOI (E) [(D) + (C)] (Thousands of yen)	333,102	158,015	150,885	66,053	27,903	
Capital expenditures (F) (Thousands of yen)	1,854	420	3,262	430	—	
NCF [(E) – (F)] (Thousands of yen)	331,247	157,595	147,622	65,623	27,903	
Reference information	Expense rate (%) [(B) ÷ (A)]	22.51	(Not disclosed)	32.01	(Not disclosed)	33.27
	Annual amount of fixed property tax, etc. for fiscal 2022 (Thousands of yen)	80,900	22,539	23,650	11,629	6,440
	Estimated long-term repair expenses (Thousands of yen) (Note 2)	252,590	116,090	157,360	60,548	59,380

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Region		Five Central Wards of Tokyo				
Property name		Daiwa Kanda Mikuracho	Daiwa Kanda East	Daiwa Kandasudacho	Daiwa Sasazuka Tower	Daiwa Sasazuka
Acquisition date		Dec. 2016	Jan. 2018	June 2018 and Nov. 2018	Oct. 2018	Dec. 2018
Price information	Acquisition price (Millions of yen)	1,592	4,200	2,295	15,500	3,000
	Investment ratio (%)	0.3	0.9	0.5	3.3	0.6
	Carrying amount (Millions of yen)	1,606	4,188	2,377	15,926	3,188
	Estimated price at end of period (Millions of yen)	1,860	5,900	2,900	16,100	3,660
Leasing information	Total number of tenants (Note 1)	7	5	7	7	9
	Leasable floor area (m ²)	1,719.51	3,980.56	2,211.64	16,158.16	3,828.95
	Leased floor area (m ²)	1,719.51	3,980.56	2,211.64	16,158.16	3,828.95
	Occupancy rate (%)					
	End of May 2020	100.0	100.0	100.0	100.0	95.1
	End of Nov. 2020	100.0	100.0	97.6	100.0	100.0
	End of May 2021	100.0	100.0	100.0	100.0	100.0
	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	
Income (loss) information	Number of days of asset management	182	182	182	182	182
	Total property leasing revenue (A) (Thousands of yen)	53,438	140,906	63,541	477,000	98,318
	Rent revenue – real estate	53,438	140,906	63,541	477,000	98,318
	Other lease business revenue	—	—	—	—	—
	Total property leasing expenses (B) (Thousands of yen)	16,228	47,755	21,652	227,111	41,303
	Consignment expenses	4,310	11,071	5,510	52,511	7,862
	Utilities expenses	2,219	8,662	3,083	58,730	8,497
	Taxes and dues	3,492	10,386	4,525	54,699	8,975
	Non-life insurance expenses	70	186	89	991	183
	Repair expenses	638	1,029	2,324	10,488	4,362
	Depreciation (C)	5,496	16,418	6,099	49,690	11,421
	Other lease business expenses	—	—	20	—	—
	Operating income (loss) from property leasing (D) [(A) – (B)] (Thousands of yen)	37,209	93,150	41,888	249,888	57,015
NOI (E) [(D) + (C)] (Thousands of yen)	42,706	109,569	47,988	299,579	68,437	
Capital expenditures (F) (Thousands of yen)	—	3,174	1,870	67,326	30,783	
NCF [(E) – (F)] (Thousands of yen)	42,706	106,394	46,118	232,253	37,653	
Reference information	Expense rate (%) [(B) ÷ (A)]	30.37	33.89	34.08	47.61	42.01
	Annual amount of fixed property tax, etc. for fiscal 2022 (Thousands of yen)	7,206	20,870	9,238	111,273	18,238
	Estimated long-term repair expenses (Thousands of yen) (Note 2)	82,871	133,611	76,730	718,270	129,490

Region		Five Central Wards of Tokyo				
Property name		Daiwa Harumi	Daiwa Mita 2-Chome (Note 4)	Nihonbashi Central Square	Nihonbashi-Bakurocho 1-Chome Development Site (land) (Note 5)	Daiwa Kandabashi
Acquisition date		Feb. 2019	July 2019	May 2020	Nov. 2020	Sept. 2021
Price information	Acquisition price (Millions of yen)	11,200	2,635	3,521	3,775	1,970
	Investment ratio (%)	2.4	0.6	0.8	0.8	0.4
	Carrying amount (Millions of yen)	11,142	1,571	3,597	3,803	2,045
	Estimated price at end of period (Millions of yen)	13,100	4,220	3,920	4,550	2,110
Leasing information	Total number of tenants (Note 1)	7	1	10	—	11
	Leasable floor area (m ²)	11,227.10	2,101.61	1,837.05	—	1,224.00
	Leased floor area (m ²)	11,227.10	2,101.61	1,837.05	—	1,097.30
	Occupancy rate (%)					
	End of May 2020	100.0	100.0	100.0	—	—
	End of Nov. 2020	100.0	100.0	100.0	—	—
	End of May 2021	100.0	100.0	100.0	—	—
End of Nov. 2021	100.0	100.0	100.0	—	79.2	
End of May 2022	100.0	100.0	100.0	—	89.6	
Income (loss) information	Number of days of asset management	182	182	182	182	182
	Total property leasing revenue (A) (Thousands of yen)	343,570	(Not disclosed)	92,007	—	33,476
	Rent revenue – real estate	343,563	(Not disclosed)	92,007	—	33,476
	Other lease business revenue	6	(Not disclosed)	—	—	—
	Total property leasing expenses (B) (Thousands of yen)	136,974	(Not disclosed)	24,245	—	12,392
	Consignment expenses	31,290	(Not disclosed)	5,619	—	5,730
	Utilities expenses	20,541	(Not disclosed)	4,198	—	2,199
	Taxes and dues	27,291	(Not disclosed)	5,743	—	5
	Non-life insurance expenses	561	(Not disclosed)	96	—	50
	Repair expenses	1,035	(Not disclosed)	143	—	355
	Depreciation (C)	35,826	(Not disclosed)	8,425	—	3,935
	Other lease business expenses	20,426	(Not disclosed)	18	—	115
	Operating income (loss) from property leasing (D) [(A) – (B)] (Thousands of yen)	206,596	(Not disclosed)	67,762	—	21,084
NOI (E) [(D) + (C)] (Thousands of yen)	242,422	80,117	76,187	—	25,020	
Capital expenditures (F) (Thousands of yen)	2,047	—	—	—	—	
NCF [(E) – (F)] (Thousands of yen)	240,375	80,117	76,187	—	25,020	
Reference information	Expense rate (%) [(B) ÷ (A)]	39.87	(Not disclosed)	26.35	—	37.02
	Annual amount of fixed property tax, etc. for fiscal 2022 (Thousands of yen)	55,314	18,253	11,686	—	6,318
	Estimated long-term repair expenses (Thousands of yen) (Note 2)	253,020	5,360	134,280	—	34,848

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Region		Five Central Wards of Tokyo	Greater Tokyo			
Property name		Kandasudacho 2-Chome Development Site (land) (Note 5)	Daiwa Higashi-Ikebukuro	Daiwa Shinagawa North	Daiwa Kamiooka	Daiwa Ogikubo Tower
Acquisition date		Dec. 2021	Oct. 2005	July 2007	Mar. 2013	May 2014
Price information	Acquisition price (Millions of yen)	10,600	2,958	7,710	2,000	15,220
	Investment ratio (%)	2.3	0.6	1.7	0.4	3.3
	Carrying amount (Millions of yen)	10,884	2,510	6,922	1,770	15,979
	Estimated price at end of period (Millions of yen)	11,500	4,420	6,350	2,970	23,300
Leasing information	Total number of tenants (Note 1)	—	8	14	9	10
	Leasable floor area (m ²)	—	4,462.28	6,546.03	2,630.30	17,778.14
	Leased floor area (m ²)	—	4,462.28	6,235.34	2,630.30	17,778.14
	Occupancy rate (%)					
	End of May 2020	—	100.0	100.0	100.0	100.0
	End of Nov. 2020	—	100.0	100.0	100.0	100.0
	End of May 2021	—	100.0	95.2	100.0	94.2
	End of Nov. 2021	—	100.0	95.2	100.0	94.2
End of May 2022	—	100.0	95.2	100.0	100.0	
Income (loss) information	Number of days of asset management	167	182	182	182	182
	Total property leasing revenue (A) (Thousands of yen)	—	134,909	196,666	93,293	633,969
	Rent revenue – real estate	—	134,909	196,602	93,293	633,969
	Other lease business revenue	—	—	63	—	—
	Total property leasing expenses (B) (Thousands of yen)	—	59,662	87,561	39,121	303,808
	Consignment expenses	—	13,139	17,101	5,531	61,553
	Utilities expenses	—	11,119	12,477	7,520	62,920
	Taxes and dues	—	8,322	18,814	6,338	43,722
	Non-life insurance expenses	—	287	424	149	1,084
	Repair expenses	—	1,569	2,062	1,393	2,668
	Depreciation (C)	—	25,223	36,680	18,188	131,680
	Other lease business expenses	—	—	—	—	180
	Operating income (loss) from property leasing (D) [(A) – (B)] (Thousands of yen)	—	75,247	109,104	54,171	330,160
	NOI (E) [(D) + (C)] (Thousands of yen)	—	100,470	145,785	72,359	461,840
Capital expenditures (F) (Thousands of yen)	—	651	4,158	—	12,572	
NCF [(E) – (F)] (Thousands of yen)	—	99,819	141,627	72,359	449,268	
Reference information	Expense rate (%) [(B) ÷ (A)]	—	44.22	44.52	41.93	47.92
	Annual amount of fixed property tax, etc. for fiscal 2022 (Thousands of yen)	—	16,825	37,673	12,831	88,228
	Estimated long-term repair expenses (Thousands of yen) (Note 2)	—	294,300	441,710	63,700	575,795

Region		Greater Tokyo				
Property name		Daiwa Meguro Square	Daiwa Ogikubo	CONCURRED Yokohama	Daiwa Shinagawa Gotenyama	Daiwa Nakano-Sakaue
Acquisition date		May 2015	July 2016	Jan. 2018	Sept. 2018	Dec. 2019
Price information	Acquisition price (Millions of yen)	5,600	3,800	38,100	2,500	2,750
	Investment ratio (%)	1.2	0.8	8.2	0.5	0.6
	Carrying amount (Millions of yen)	5,362	3,968	37,568	2,596	2,923
	Estimated price at end of period (Millions of yen)	7,380	4,960	41,700	2,880	2,680
Leasing information	Total number of tenants (Note 1)	16	11	36	7	6
	Leasable floor area (m ²)	3,519.50	3,849.63	28,052.98	2,396.96	2,716.92
	Leased floor area (m ²)	3,519.50	3,849.63	28,052.98	2,396.96	2,716.92
	Occupancy rate (%)					
	End of May 2020	100.0	100.0	98.4	100.0	100.0
	End of Nov. 2020	100.0	100.0	99.7	100.0	100.0
	End of May 2021	100.0	100.0	99.0	100.0	100.0
	End of Nov. 2021	94.1	100.0	98.4	100.0	100.0
End of May 2022	100.0	100.0	100.0	100.0	100.0	
Income (loss) information	Number of days of asset management	182	182	182	182	182
	Total property leasing revenue (A) (Thousands of yen)	162,822	122,964	1,032,127	80,023	68,083
	Rent revenue – real estate	162,822	122,964	1,032,127	80,023	68,083
	Other lease business revenue	—	—	—	—	—
	Total property leasing expenses (B) (Thousands of yen)	60,604	38,630	334,492	21,054	47,921
	Consignment expenses	12,638	11,156	62,459	4,767	8,486
	Utilities expenses	8,262	5,043	85,981	4,069	5,614
	Taxes and dues	13,780	8,203	58,166	5,528	7,073
	Non-life insurance expenses	214	180	784	114	155
	Repair expenses	2,037	2,129	9,258	1,898	17,632
	Depreciation (C)	23,671	11,916	117,841	4,676	8,948
	Other lease business expenses	—	—	—	—	12
Operating income (loss) from property leasing (D) [(A) – (B)] (Thousands of yen)	102,217	84,334	697,635	58,969	20,162	
NOI (E) [(D) + (C)] (Thousands of yen)	125,888	96,250	815,477	63,645	29,110	
Capital expenditures (F) (Thousands of yen)	—	5,007	20,114	13,961	93,998	
NCF [(E) – (F)] (Thousands of yen)	125,888	91,242	795,363	49,683	(64,887)	
Reference information	Expense rate (%) [(B) ÷ (A)]	37.22	31.42	32.41	26.31	70.39
	Annual amount of fixed property tax, etc. for fiscal 2022 (Thousands of yen)	27,861	16,750	117,064	11,274	14,172
	Estimated long-term repair expenses (Thousands of yen) (Note 2)	122,800	121,620	718,980	102,564	193,251

Region		Major Regional Cities
Property name		Daiwa Kitahama
Acquisition date		Aug. 2014
Price information	Acquisition price (Millions of yen)	9,481
	Investment ratio (%)	2.0
	Carrying amount (Millions of yen)	8,921
	Estimated price at end of period (Millions of yen)	13,500
Leasing information	Total number of tenants (Note 1)	7
	Leasable floor area (m ²)	13,517.62
	Leased floor area (m ²)	13,517.62
	Occupancy rate (%)	
	End of May 2020	100.0
	End of Nov. 2020	100.0
	End of May 2021	100.0
End of Nov. 2021	100.0	
End of May 2022	100.0	
Income (loss) information	Number of days of asset management	182
	Total property leasing revenue (A) (Thousands of yen)	404,444
	Rent revenue – real estate	404,444
	Other lease business revenue	—
	Total property leasing expenses (B) (Thousands of yen)	158,550
	Consignment expenses	27,806
	Utilities expenses	36,837
	Taxes and dues	34,459
	Non-life insurance expenses	752
	Repair expenses	1,191
	Depreciation (C)	57,443
	Other lease business expenses	59
	Operating income (loss) from property leasing (D) [(A) – (B)] (Thousands of yen)	245,893
NOI (E) [(D) + (C)] (Thousands of yen)	303,336	
Capital expenditures (F) (Thousands of yen)	729	
NCF [(E) – (F)] (Thousands of yen)	302,606	
Reference information	Expense rate (%) [(B) ÷ (A)]	39.20
	Annual amount of fixed property tax, etc. for fiscal 2022 (Thousands of yen)	70,537
	Estimated long-term repair expenses (Thousands of yen) (Note 2)	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) Daiwa Minami-Aoyama and Daiwa Kojimachi 4-chome were transferred on December 16, 2021.
- (Note 4) Not disclosed for such reasons as consent was not obtained from major tenants to disclose the rent revenue, etc. for the property.
- (Note 5) For Nihonbashi-Bakurocho 1-Chome Development Site (land) and Kandasudacho 2-Chome Development Site (land), the plan is to develop an office building on the property.