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REIT Financial Report for the 34th Fiscal Period

January 20, 2023

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 Stock Code No.: 8976 URL: <https://www.daiwa-office.co.jp/en>
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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 34th Fiscal Period

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

(1) Management Status

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

	Operating revenue		Operating income		Ordinary income		Net income	
34th Period	¥13,891 million	(4.0%)	¥7,062 million	(10.9%)	¥6,494 million	(13.3%)	¥6,512 million	(13.1%)
33rd Period	¥14,474 million	4.3%	¥7,923 million	7.8%	¥7,493 million	10.5%	¥7,493 million	10.2%

	Net income per unit	Net income to unitholders' equity	Ordinary income to total assets	Ordinary income to operating revenue
34th Period	¥13,561	2.6%	1.3%	46.8%
33rd Period	¥15,443	3.0%	1.6%	51.8%

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

34th Fiscal Period: 480,206 units; 33rd Fiscal Period: 485,190 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
34th Period	¥13,700	¥6,552 million	¥-	¥- million	100.6%	2.6%
33rd Period	¥14,000	¥6,755 million	¥-	¥- million	90.2%	2.7%

(Note) Distribution amount per unit for the 34th Fiscal Period is calculated by dividing ¥6,552 million, the total distribution amount considering the reversal of part of internal reserves of ¥58 million (the sum total of ¥40 million of reserve for reduction entry and ¥18 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. As acquisition and cancellation of own investment units were carried out during the period, dividend payout for the 34th 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 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

(3) Financial Position

	Total assets	Net assets	Unitholders' equity to total assets	Net assets per unit
34th Period	¥481,049 million	¥247,491 million	51.4%	¥517,484
33rd Period	¥483,461 million	¥250,538 million	51.8%	¥519,220

(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
34th Period	¥8,343 million	(¥2,551 million)	(¥9,755 million)	¥22,808 million
33rd Period	¥16,214 million	(¥12,350 million)	(¥7,382 million)	¥26,773 million

2. Management Status Forecasts for the 35th Fiscal Period and Management Status for the 36th Fiscal Period

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

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

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

	Operating revenue		Operating income		Ordinary income		Net income	
35th Period	¥15,138 million	9.0%	¥7,656 million	8.4%	¥7,066 million	8.8%	¥7,065 million	8.5%
36th Period	¥13,831 million	(8.6%)	¥6,598 million	(13.8%)	¥5,984 million	(15.3%)	¥5,983 million	(15.3%)

	Distribution amount per unit (excluding distribution amount in excess of earnings)	Distribution amount in excess of earnings per unit
35th Period	¥13,700	¥-
36th Period	¥13,700	¥-

(Reference) Estimated net income per unit for the 35th Fiscal Period: ¥14,772; 36th Fiscal Period: ¥12,510

(Note) Distribution amount per unit for the 35th Fiscal Period is calculated based on the assumption that the amount remaining after deducting the provision of reserve for reduction entry (¥513 million) from 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 36th Fiscal Period is calculated based on the assumption that the amount after adding reversal of reserve for reduction entry (¥568 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):
34th Fiscal Period: 478,258 units 33rd Fiscal Period: 482,529 units
(ii) Total number of treasury units at end of period:
34th Fiscal Period: — units 33rd Fiscal Period: — units

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

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

* Special note

The forecast figures are forward-looking statements based on information currently available to Daiwa Office Investment Corporation and involve uncertainties. Accordingly, the actual operating revenue, operating income, ordinary income, net income, distribution amount per unit and distribution amount in excess of earnings per unit may vary due to changes in the status. Moreover, the forecasts set forth herein should not be construed as a guarantee of distribution amounts. For details on the assumptions underlying the forecast figures above, please refer to “Assumptions for the Management Status Forecasts for the 35th Fiscal Period and 36th Fiscal Period” on page 9.

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1. Management Status

1.1. Management Status

1.1.1. Overview of the Fiscal Period Under Review

A. Brief History of the Investment Corporation

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

Though initial assets under management were 79,573 million yen (sum total of acquisition price), subsequent activities, such as additional acquisition of properties and replacement of portfolio properties, resulted in the assets under management amounting to 468,486 million yen as of the last day of November 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 lifting of behavioral restrictions related to COVID-19 and expectations for movement toward the normalization of economic and social activities. Despite this, the real GDP growth rate (Second Preliminary Estimates) for July to September 2022 sat at an annual rate of -0.8%, registering negative growth. In addition, prices are rising due to a combination of factors including high resource prices, stagnant logistics, and the weak yen. The underlying tone in the November 2022 Consumer Confidence Survey was revised downward to “weakening” from the previous month’s “signs of weakness.” As such, consumer sentiment has failed to achieve a sustained recovery due to stagnation.

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 6.38% as of the end of November 2022 (Miki Shoji’s average vacancy rate for the five central wards of Tokyo). Although there is a partial return and expansion trend for offices, the situation remains unpredictable, with average office rents in central Tokyo declining for 28 consecutive months from August 2020 to November 2022 caused by weak business performance and cancellations due to office consolidation and relocation amid work style reviews triggered by the COVID-19 pandemic.

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

b. Management Performance

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

Concerning external growth, the development project in Nihonbashi-Bakurocho 1-Chome Development Project was completed. This was the Investment Corporation’s first development project, for which the development site was acquired in November 2020. The Investment Corporation acquired Daiwa Nihonbashi Bakurocho, constructed in the development project. As a result, the Investment Corporation’s assets under management as of the end of the 34th Fiscal Period (November 30, 2022) totaled 59 properties, the sum total of acquisition prices of which amounted to 468,486 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 34th Fiscal Period (November 30, 2022) was 97.4%.

C. Overview of Capital Procurement

a. Procurement of Capital for Repayment of Borrowings

In the 34th Fiscal Period, the Investment Corporation made the following borrowings to fund the repayment of borrowings.

- (i) The Investment Corporation took out loans totaling 5,300 million yen from Shinsei Bank, Ltd. (Note), The Nishi-Nippon City Bank Ltd., The 77 Bank, Ltd., and Nippon Life Insurance Company on August 31, 2022, to fund the repayment of the same amount borrowed from the same banks and company due for repayment on the same day.

- (ii) The Investment Corporation took out loans totaling 12,300 million yen from Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Trust Bank, Ltd., MUFG Bank, Ltd., Mizuho Bank, Ltd., Resona Bank, Limited, Tokio Marine & Nichido Fire Insurance Co., Ltd. and Taiyo Life Insurance Company on November 30, 2022 to fund the repayment of the same amount borrowed from the same banks and companies due for repayment on the same day.

(Note) Shinsei Bank, Ltd. changed its name to SBI Shinsei Bank, Ltd. as of January 4, 2023. The same shall apply hereafter.

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 34th Fiscal Period (November 30, 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 26,200 million yen.

The average remaining period of interest-bearing liabilities as of the end of the 34th Fiscal Period stands at 4.1 years.

List of Borrowings in the 34th Fiscal Period

Lender	Loan amount (Millions of yen)	Drawdown date	Repayment date	Loan period (Years)
The Nishi-Nippon City Bank Ltd.	2,000	August 31, 2022	August 31, 2029	7.0
Nippon Life Insurance Company	1,300	August 31, 2022	August 31, 2029	7.0
Shinsei Bank, Ltd.	1,000	August 31, 2022	August 31, 2029	7.0
The 77 Bank, Ltd.	1,000	August 31, 2022	August 31, 2029	7.0
Sumitomo Mitsui Banking Corporation	4,000	November 30, 2022	May 30, 2031	8.5
MUFG Bank, Ltd.	1,000	November 30, 2022	May 30, 2031	8.5
Mizuho Bank, Ltd.	1,500	November 30, 2022	November 29, 2030	8.0
Mizuho Bank, Ltd.	1,000	November 30, 2022	February 28, 2030	7.3
Resona Bank, Limited	1,500	November 30, 2022	November 30, 2029	7.0
Sumitomo Mitsui Banking Corporation	1,000	November 30, 2022	November 30, 2029	7.0
Taiyo Life Insurance Company	300	November 30, 2022	November 30, 2029	7.0
Sumitomo Mitsui Trust Bank, Ltd.	1,000	November 30, 2022	November 30, 2028	6.0
Tokio Marine & Nichido Fire Insurance Co., Ltd.	1,000	November 30, 2022	November 30, 2027	5.0

Balance of Borrowings from Each Financial Institution (As of November 30, 2022)

Lender	End of the 34th 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 November 30, 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 in March 2019 at the Investment Corporation and Asset Manager 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 32 properties in accordance with the new acquisition of BELS certification for Daiwa Nihonbashi Bakurocho. The ratio of such properties to the entire portfolio (based on total floor area of the portfolio properties) is 61.9%.

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 34th Fiscal Period, initiatives were taken to support pediatric medical care through the installation of donation vending machines at portfolio properties, to make donations to NPOs and other organizations engaged in child abuse prevention activities, and to support people with disabilities through art displayed at the management companies.

As initiatives for corporate governance, the Asset Manager ensures thorough prevention of conflicts of interest, risk management and legal compliance, and adopts an asset management fee system that focuses on linking with unitholder interests and is linked to management results.

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 11 consecutive years in 2022. Furthermore, in the GRESB Rating, which assigns a rating out of five stars based on where the participant's overall score ranks globally, the Investment Corporation earned the highest rating of "5 Star." Also, in the 2022 GRESB Public Disclosure assessment, which measures the comprehensiveness of ESG information disclosure, the Investment Corporation was assessed as providing outstanding information disclosure relating to environmental and sustainability initiatives, receiving the highest rating of "A" on the five-tiered evaluation scale for two consecutive years.

The Asset Manager established the "Climate Change and Resilience Policy" in December 2021 to promote the clarification of its policy and system on the initiatives for climate-related issues and the expansion of disclosure of the details of initiatives, and expressed its support for the Task Force on Climate-related Financial Disclosures (TCFD) recommendations (Note 2). In addition, it joined the TCFD Consortium, a group of domestic companies that support TCFD recommendations, in January 2022. Based on the four items 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 has been 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 and BELS Certification.

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

E. Overview of Financial Performance and Distributions

As a result of the management described above, the Investment Corporation posted financial performance for the 34th Fiscal Period of 13,891 million yen in operating revenue, 7,062 million yen in operating income, 6,494 million yen in ordinary income and 6,512 million yen in net income.

Concerning distributions, it is planned that the amount equivalent to distributions from earnings would be included in the amount of tax-deductible expenses based on application of special provisions for taxation of corporation tax (Article 67-15 of the Act on Special Measures Concerning Taxation (Act No. 26 of 1957; including amendments thereto) (the "Special Taxation Measures Act")). Accordingly, the Investment Corporation decided to distribute the entire amount after adding reversal of internally reserved reserve for reduction entry (¥40,039,351) to unappropriated retained earnings, and declared a distribution amount per unit of 13,700 yen.

1.1.2. Outlook for the Next Fiscal Period

A. Investment Environment

The Japanese economy going forward is expected to see a 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 central Tokyo office building leasing market, although recovery is expected with normalization of economic activities going forward, rising vacancy rate due to office consolidations and relocations triggered by COVID-19, moderate rent drop, and the impact of supply of multiple large-scale office buildings expected in 2023 continue to warrant close monitoring. In addition, rising electricity charges associated with rising resource prices and the impact on borrowing rates associated with interest rate hike warrant caution. Volatility in long-term interest rates has increased as the BOJ's Monetary Policy Meeting on December 20, 2022 expanded the range of fluctuation in long-term interest rates to "about $\pm 0.50\%$," with interest rate trends warranting particularly 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, the vacancy rate in the overall market has still not made a turnaround, as many companies are adopting a hybrid work style of in-office and telecommuting, and it is expected that movement due to various needs such as downsizing, consolidation, expansion, and location improvement will continue. Although the Investment Corporation has been steadily acquiring solid new demand mainly from small and medium-sized companies, for the time being, it is striving to maintain occupancy rates by flexibly pursuing leasing within the current market scope, without adhering to the conventional strategy of targeting top rents. 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.

During the 34th Fiscal Period, the development project in Nihonbashi-Bakurocho 1-Chome Development Project was completed. This was the Investment Corporation's first development project, for which the development site was acquired in November 2020. The Investment Corporation acquired Daiwa Nihonbashi Bakurocho, constructed in the development project. The Investment Corporation will strive to acquire properties in accordance with the investment strategy described above, while continuing to carefully assess such development projects.

c. Financial Strategy

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

- (i) Control leverage by keeping the ratio of interest-bearing liabilities to total assets (LTV) within the range of 40% to 50% at maximum, taking into consideration also the LTV, etc. based on appraisal value, as a principle.
- (ii) Diversify repayment deadlines, targeting 30.0 billion yen as the maximum amount of interest-bearing liabilities that shall become due during any single fiscal period as a principle.
- (iii) Aim to have long-term loans payable 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

a. Transfer of Assets

The Investment Corporation conducted the following transfer of trust beneficiary interest in real estate on November 21, 2022.

Overview of the Transferred Asset

Asset name	Daiwa SHIBUYA EDGE
Type of asset	Trust beneficiary interest in domestic real estate
Sale price	7,313 million yen (excluding settlement amounts of fixed asset tax and city planning tax, consumption tax, etc.)
Date of conclusion of transfer agreement	November 21, 2022
Transfer date	November 21, 2022
Purchaser	Not disclosed (Note)

(Note) The purchaser is a domestic corporation, but the name of the purchaser has not been disclosed as consent was not obtained from the purchaser to disclose the name.

b. Borrowing of Funds

The Investment Corporation conducted the following borrowing of funds on November 30, 2022. The funds were allocated to part of the funds for the acquisition of the asset acquired on November 30, 2022 (Daiwa Nihonbashi Bakurocho).

Details of Borrowing

Lender	Loan amount	Interest rate	Drawdown date	Repayment method	Maturity
Sumitomo Mitsui Banking Corporation	¥2,000 million	1-month Japanese yen TIBOR+0.250% (Note)	December 30, 2022	Bullet payment / Unsecured	December 29, 2023

(Note) Interest payment date shall be the final day of each month and the maturity date. (If any such date is not a business day, it will be the following business day. If such date falls within the next month, the preceding business day of the month will be the payment day.) Interest rate is calculated based on the 1-month Japanese yen TIBOR which the Japanese Bankers Association announces two business days prior to the first day of the applicable period.

D. Outlook for Management Status

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)). For the assumptions underlying the management status forecasts, please refer to the “Assumptions for the Management Status Forecasts for the 35th Fiscal Period and 36th Fiscal Period” on page 9.

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

Operating revenue	15,138 million yen
Operating income	7,656 million yen
Ordinary income	7,066 million yen
Net income	7,065 million yen
Distribution amount per unit	13,700 yen
Distribution amount in excess of earnings per unit	— yen

In addition, on the basis that the “Assumptions for the Management Status Forecasts for the 35th Fiscal Period and 36th Fiscal Period” will remain unchanged, the Investment Corporation forecasts the following management status for the 36th Fiscal Period (fiscal period ending November 30, 2023 (from June 1, 2023 to November 30, 2023)).

36th Fiscal Period (fiscal period ending November 2023 (from June 1, 2022 to November 30, 2023))

Operating revenue	13,831 million yen
Operating income	6,598 million yen
Ordinary income	5,984 million yen
Net income	5,983 million yen
Distribution amount per unit	13,700 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 35th Fiscal Period and 36th Fiscal Period

Item	Assumptions
Assets under management	<ul style="list-style-type: none"> • 35th Fiscal Period: Assets under management are assumed to be the 59 properties owned as of November 30, 2022, minus “Daiwa SHIBUYA EDGE” divested in December 2022 to total 58 properties. • 36th 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. • 1,518 million yen in gain on sale of real estate from the divestment of “Daiwa SHIBUYA EDGE” is expected in the 35th Fiscal Period
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 7,538 million yen in the 35th Fiscal Period and 7,946 million yen in the 36th Fiscal Period. • Consignment expenses are expected to be 1,063 million yen in the 35th Fiscal Period and 998 million yen in the 36th Fiscal Period. • Taxes and dues (fixed property tax, city planning tax, etc.) are expected to be 1,150 million yen in the 35th Fiscal Period and 1,204 million yen in the 36th 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 1,790 million yen in the 35th Fiscal Period and 1,797 million yen in the 36th Fiscal Period.
Non-operating expenses	<ul style="list-style-type: none"> • Non-operating expenses in the 35th Fiscal Period are expected to be 590 million yen, of which the interest expenses, interest expenses on investment corporation bonds, and borrowing related expenses are expected to be 578 million yen. • Non-operating expenses in the 36th Fiscal Period are expected to be 613 million yen, of which the interest expenses, interest expenses on investment corporation bonds, and borrowing related expenses are expected to be 601 million yen.
Interest-bearing liabilities	<ul style="list-style-type: none"> • The total amount of interest-bearing liabilities is assumed to be 207,800 million yen at the end of the 35th Fiscal Period and 207,800 million yen at the end of the 36th Fiscal Period. • In the 35th Fiscal Period, it is assumed that new borrowings of 2,000 million yen will be borrowed to be allocated to funds used for the construction of “Daiwa Nihonbashi Bakurocho” acquired on January 30, 2022, and 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. • In the 36th Fiscal Period, it is assumed that the entire amount of borrowings due for repayment on July 31, 2023 (1,000 million yen), August 31, 2023 (2,000 million yen) and November 30, 2023 (10,200 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 478,258 units as of November 30, 2022. • It is assumed that there are no changes to the number of investment units other than stated above until the end of the 36th 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. • Part of the gain on sale from the divestment of “Daiwa SHIBUYA EDGE” that is expected to arise in the 35th Fiscal Period is assumed to be retained as internal reserves with the application of the system of “Special Provisions for Taxation in Cases of Repurchase of Specified Assets.” As such, the assumption is that the amount remaining after deducting provision of reserve for reduction entry (513 million yen) from unappropriated retained earnings will be distributed. Provision of reserve for reduction entry may change depending on the management status. • The distribution amount per unit for the 36th Fiscal Period is based on the assumption that part (568 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 August 22, 2022).

2. Financial Statements

2.1. Balance Sheets

(Unit: Thousands of yen)

	33rd Fiscal Period [As of May 31, 2022]	34th Fiscal Period [As of November 30, 2022]
Assets		
Current assets		
Cash and deposits	23,095,517	19,084,282
Cash and deposits in trust	3,677,490	3,724,400
Operating accounts receivable	86,072	100,636
Consumption taxes receivable	—	82,420
Prepaid expenses	355,818	371,486
Other	34,136	43,891
Total current assets	27,249,034	23,407,118
Noncurrent assets		
Property, plant and equipment		
Buildings	3,581,479	3,601,054
Accumulated depreciation	(2,756,196)	(2,827,955)
Buildings, net	825,282	773,098
Structures	14,344	14,344
Accumulated depreciation	(9,238)	(9,672)
Structures, net	5,106	4,671
Tools, furniture and fixtures	21,085	21,875
Accumulated depreciation	(17,016)	(18,040)
Tools, furniture and fixtures, net	4,069	3,834
Land	12,302,226	12,302,226
Construction in progress	4,006	3,491
Buildings in trust	108,011,572	110,553,987
Accumulated depreciation	(31,243,029)	(32,895,437)
Buildings in trust, net	*1, *2 76,768,543	*1, *2 77,658,549
Structures in trust	766,806	782,699
Accumulated depreciation	(239,123)	(250,100)
Structures in trust, net	*2 527,682	*2 532,598
Machinery and equipment in trust	870,980	950,322
Accumulated depreciation	(520,910)	(554,056)
Machinery and equipment in trust, net	350,069	396,265
Tools, furniture and fixtures in trust	366,416	420,289
Accumulated depreciation	(227,197)	(246,104)
Tools, furniture and fixtures in trust, net	139,218	174,184
Land in trust	*2 359,932,790	*2 360,010,799
Construction in progress in trust	846,159	903,381
Total property, plant and equipment	451,705,157	452,763,103
Intangible assets		
Leasehold rights	2,398,275	2,398,275
Leasehold rights in trust	306,884	306,884
Other	11,341	9,891
Total intangible assets	2,716,501	2,715,051

(Unit: Thousands of yen)

	33rd Fiscal Period [As of May 31, 2022]	34th Fiscal Period [As of November 30, 2022]
Investments and other assets		
Leasehold and guarantee deposits in trust	113,684	113,684
Long-term prepaid expenses	1,203,731	1,293,339
Derivatives	329,840	614,733
Other	98,795	102,821
Total investments and other assets	1,746,051	2,124,579
Total noncurrent assets	456,167,710	457,602,734
Deferred assets		
Investment corporation bonds issuance costs	44,357	39,326
Total deferred assets	44,357	39,326
Total assets	483,461,103	481,049,178
Liabilities		
Current liabilities		
Operating accounts payable	1,067,842	1,514,187
Current portion of long-term loans payable	30,600,000	26,200,000
Accounts payable – other	600,232	607,519
Income taxes payable	880	880
Accrued consumption taxes	294,268	149,957
Advances received	2,326,716	2,660,384
Other	501,287	513,476
Total current liabilities	35,391,228	31,646,405
Noncurrent liabilities		
Investment corporation bonds	9,000,000	9,000,000
Long-term loans payable	166,200,000	170,600,000
Tenant leasehold and security deposits	20,192,922	20,090,144
Tenant leasehold and security deposits in trust	1,972,139	1,984,197
Deferred tax liabilities	165,917	237,123
Total noncurrent liabilities	197,530,979	201,911,465
Total liabilities	232,922,207	233,557,871
Net Assets		
Unitholders' equity		
Unitholders' capital	251,551,759	251,551,759
Deduction from unitholders' capital	*4 (10,458,319)	*4 (13,457,770)
Unitholders' capital, net	241,093,440	238,093,989
Surplus		
Voluntary retained earnings		
Reserve for reduction entry	1,721,383	2,459,048
Total voluntary retained earnings	1,721,383	2,459,048
Unappropriated retained earnings (undisposed loss)	7,493,070	6,512,095
Total surplus	9,214,454	8,971,143
Total unitholders' equity	250,307,894	247,065,132
Valuation and translation adjustments		
Deferred gains or losses on hedges	231,001	426,174
Total valuation and translation adjustments	231,001	426,174
Total net assets	*5 250,538,895	*5 247,491,307
Total liabilities and net assets	483,461,103	481,049,178

2.2. Statements of Income

(Unit: Thousands of yen)

	33rd Fiscal Period [From: Dec. 1, 2021 To: May 31, 2022]	34th Fiscal Period [From: June. 1, 2022 To: Nov. 30, 2022]
Operating revenue		
Rent revenue – real estate	*1 13,560,238	*1 13,836,714
Other lease business revenue	*1 13,769	*1 54,553
Gain on sales of real estate properties	*2 900,931	–
Total operating revenue	14,474,939	13,891,267
Operating expenses		
Expenses related to rent business	*1 5,143,017	*1 5,453,596
Asset management fees	1,163,658	1,147,433
Asset custody fees	24,190	24,064
Administrative service fees	72,641	78,232
Trust fees	18,879	18,036
Directors' compensation	7,200	7,200
Other operating expenses	122,114	99,757
Total operating expenses	6,551,700	6,828,320
Operating income	7,923,238	7,062,947
Non-operating income		
Interest income	14	15
Reversal of distribution payable	646	705
Insurance income	138,785	7,290
Miscellaneous income	285	33
Total non-operating income	139,731	8,044
Non-operating expenses		
Interest expenses	398,294	395,458
Interest expenses on investment corporation bonds	26,328	26,041
Borrowing expenses	130,398	137,796
Other	13,997	17,096
Total non-operating expenses	569,018	576,393
Ordinary income	7,493,952	6,494,598
Income before income taxes	7,493,952	6,494,598
Income taxes – current	881	881
Income taxes – deferred	–	(18,378)
Total income taxes	881	(17,496)
Net income	7,493,070	6,512,095
Retained earnings brought forward	–	–
Unappropriated retained earnings (undisposed loss)	7,493,070	6,512,095

2.3. Statements of Unitholders' Equity

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

34th Fiscal Period [From: June 1, 2022 To: November 30, 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	(10,458,319)	241,093,440	1,721,383	1,721,383	7,493,070	9,214,454
Changes of items during the period							
Provision of reserve for reduction entry				737,664	737,664	(737,664)	—
Dividends from surplus						(6,755,406)	(6,755,406)
Net income						6,512,095	6,512,095
Acquisition of own investment units							
Cancellation of own investment units		(2,999,451)	(2,999,451)				
Net changes of items other than shareholders' equity							
Total changes of items during the period	—	(2,999,451)	(2,999,451)	737,664	737,664	(980,975)	(243,310)
Balance at end of current fiscal period	251,551,759	(13,457,770)	238,093,989	2,459,048	2,459,048	6,512,095	8,971,143

	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	—	250,307,894	231,001	231,001	250,538,895
Changes of items during the period					
Provision of reserve for reduction entry		—			—
Dividends from surplus		(6,755,406)			(6,755,406)
Net income		6,512,095			6,512,095
Acquisition of own investment units	(2,999,451)	(2,999,451)			(2,999,451)
Cancellation of own investment units	2,999,451	—			—
Net changes of items other than shareholders' equity			195,173	195,173	195,173
Total changes of items during the period	—	(3,242,761)	195,173	195,173	(3,047,588)
Balance at end of current fiscal period	—	247,065,132	426,174	426,174	247,491,307

2.4. Statements of Cash Distributions

Item	33rd Fiscal Period [From: Dec. 1, 2021 To: May 31, 2022]	34th Fiscal Period [From: June 1, 2022 To: Nov. 30, 2022]
	Amount (Yen)	Amount (Yen)
I. Unappropriated retained earnings	7,493,070,628	6,512,095,249
II. Reversal of voluntary retained earnings		
Reversal of reserve for reduction entry	—	40,039,351
III. Distribution amount	6,755,406,000	6,552,134,600
[Distribution amount per unit]	(14,000)	(13,700)
IV. Voluntary retained earnings		
Provision of reserve for reduction entry	737,664,628	—
V. Retained earnings carried forward	—	—
Method for calculating distribution amount	<p>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.</p>	<p>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 6,552,134,600 yen. Furthermore, the Investment Corporation shall not distribute cash in excess of earnings as stipulated in Article 32, Item 2 of its articles of incorporation.</p>

2.5. Statements of Cash Flows

(Unit: Thousands of yen)

	33rd Fiscal Period [From: Dec. 1, 2021 To: May 31, 2022]	34th Fiscal Period [From: June 1, 2022 To: Nov. 30, 2022]
Net cash provided by (used in) operating activities		
Income before income taxes	7,493,952	6,494,598
Depreciation	1,787,160	1,790,107
Amortization of investment corporation bonds issuance costs	5,003	5,030
Interest income	(14)	(15)
Interest expenses	424,622	421,500
(Increase) Decrease in operating accounts receivable	103,843	(14,564)
(Increase) Decrease in consumption taxes receivable	-	(82,420)
(Increase) Decrease in prepaid expenses	(15,517)	(15,668)
Increase (decrease) in operating accounts payable	(142,868)	56,765
Increase (decrease) in accounts payable – other	(12,703)	7,286
Increase (decrease) in accrued consumption taxes	8,099	(144,311)
Increase (decrease) in advances received	(24,831)	333,668
(Increase) Decrease in long-term prepaid expenses	(137,086)	(89,608)
Decrease from sales of property, plant and equipment in trust	7,179,984	-
Other	(30,745)	3,516
Subtotal	16,638,898	8,765,885
Interest income received	14	15
Interest expenses paid	(423,389)	(421,759)
Income taxes paid	(881)	(881)
Net cash provided by (used in) operating activities	16,214,641	8,343,259
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(30,074)	(290,181)
Purchase of property, plant and equipment in trust	(11,980,211)	(2,170,963)
Purchase of intangible assets	(12,000)	-
Proceeds from tenant security deposits	577,952	858,019
Proceeds from tenant security deposits in trust	83,407	12,238
Repayments of tenant security deposits	(947,816)	(960,797)
Repayments of tenant security deposits in trust	(41,966)	(180)
Net cash provided by (used in) investing activities	(12,350,710)	(2,551,864)
Net cash provided by (used in) financing activities		
Repayment of short-term loans payable	(2,400,000)	-
Proceeds from long-term loans payable	19,850,000	17,600,000
Repayment of long-term loans payable	(14,000,000)	(17,600,000)
Purchase of own investment units	(3,999,924)	(2,999,451)
Dividends paid	(6,832,436)	(6,756,268)
Net cash provided by (used in) financing activities	(7,382,360)	(9,755,719)
Net increase (decrease) in cash and cash equivalents	(3,518,428)	(3,964,325)
Cash and cash equivalents at beginning of period	30,291,436	26,773,007
Cash and cash equivalents at end of period	*1 26,773,007	*1 22,808,682

2.6. Notes to the Going Concern
Not applicable.

2.7. Notes to Significant Accounting Policies

<p>1. Accumulated depreciation method for noncurrent assets</p>	<p>(1) Property, plant and equipment (including trust assets) The straight-line method is adopted. The useful life of primary property, plant and equipment is as follows:</p> <table data-bbox="662 376 1125 515"> <tr> <td>Buildings</td> <td>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 380 thousand yen in the 33rd Fiscal Period and none in the 34th 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>								

4. Hedge accounting approach	<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>
5. Scope of funds in the statements of cash flows	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.
6. Other significant matters forming basis for preparation of financial statements	<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> <p>(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> <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.

	33rd Fiscal Period [As of May 31, 2022]	34th Fiscal Period [As of November 30, 2022]
Buildings in trust	32,898 thousand yen	32,898 thousand yen

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

	33rd Fiscal Period [As of May 31, 2022]	34th Fiscal Period [As of November 30, 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.

	33rd Fiscal Period [As of May 31, 2022]	34th Fiscal Period [As of November 30, 2022]
Total amount of commitment line	5,500,000 thousand yen	5,500,000 thousand yen
Balance of borrowings	—	—
Difference	5,500,000 thousand yen	5,500,000 thousand yen

*4. Status of cancellation of own investment units

	33rd Fiscal Period [As of May 31, 2022]	34th Fiscal Period [As of November 30, 2022]
Total number of units cancelled	15,340 units	19,611 units
Total amount cancelled	10,458,319 thousand yen	13,457,770 thousand yen

(Note) The number of units cancelled during the 34th Fiscal Period was 4,271 units and the total amount cancelled was 2,999,451 thousand yen.

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

	33rd Fiscal Period [As of May 31, 2022]	34th Fiscal Period [As of November 30, 2022]
	50,000 thousand yen	50,000 thousand yen

[Notes to Statements of Income]

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

(Unit: Thousands of yen)

	33rd Fiscal Period [From: Dec. 1, 2021 To: May 31, 2022]	34th Fiscal Period [From: Jun. 1, 2022 To: Nov. 30, 2022]
A. Property leasing revenue		
Rent revenue – real estate	13,560,238	13,836,714
Other lease business revenue	13,769	54,553
Total property leasing revenue	13,574,007	13,891,267
B. Property leasing expenses		
Consignment expenses	974,462	1,024,032
Utilities expenses	924,472	1,263,217
Taxes and dues	1,144,699	1,149,657
Non-life insurance expenses	20,748	22,425
Repair expenses	222,314	130,738
Depreciation	1,783,619	1,788,657
Other lease business expenses	72,701	74,866
Total property leasing expenses	5,143,017	5,453,596
C. Operating income (loss) from property leasing [A – B]	8,430,990	8,437,671

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

(Unit: Thousands of yen)

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

34th Fiscal Period [From: June 1, 2022 To: November 30, 2022]

Not applicable.

[Notes to Statements of Unitholders' Equity]

	33rd Fiscal Period [From: Dec. 1, 2021 To: May 31, 2022]	34th Fiscal Period [From: Jun. 1, 2022 To: Nov. 30, 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	482,529 units	478,258 units

[Notes to Statements of Cash Flows]

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

(Unit: Thousands of yen)

	33rd Fiscal Period [From: Dec. 1, 2021 To: May 31, 2022]	34th Fiscal Period [From: Jun. 1, 2022 To: Nov. 30, 2022]
Cash and deposits	23,095,517	19,084,282
Cash and deposits in trust	3,677,490	3,724,400
Cash and cash equivalents	26,773,007	22,808,682

[Notes to Financial Instruments]

(1) Matters Concerning Status of Financial Instruments

① Policy for financial instruments

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

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

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

② Contents and risk of financial instruments and related risk management

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

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

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

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

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

③ Supplementary explanation for fair value of financial instruments

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

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

The carrying amounts and fair values and their differences are as follows. As “Cash and deposits” and “Cash and deposits in trust” 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.

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	—

34th Fiscal Period [As of November 30, 2022]

(Unit: Thousands of yen)

	Carrying amount	Fair value	Difference
(1) Current portion of long-term loans payable	26,200,000	26,194,431	(5,568)
(2) Investment corporation bonds	9,000,000	8,915,880	(84,120)
(3) Long-term loans payable	170,600,000	169,587,590	(1,012,409)
Total liabilities	205,800,000	204,697,901	(1,102,098)
Derivative transactions (*)	621,789	621,789	—

(*) 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 (20,192,922 thousand yen in the balance sheet from May 31, 2022, and 20,090,144 thousand yen in the balance sheet from November 30, 2022) and tenant leasehold and security deposits in trust (1,972,139 thousand yen in the balance sheet from May 31, 2022, and 1,984,197 thousand yen in the balance sheet for November 30, 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
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

34th Fiscal Period [As of November 30, 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	26,200,000	—	—	—	—	—
Investment corporation bonds	—	3,800,000	1,500,000	—	—	3,700,000
Long-term loans payable	—	27,200,000	23,000,000	22,400,000	27,600,000	70,400,000
Total	26,200,000	31,000,000	24,500,000	22,400,000	27,600,000	74,100,000

[Notes to Derivative Transactions]

(1) Transactions for which hedge accounting is not applied
33rd Fiscal Period [As of May 31, 2022]
Not applicable.

34th Fiscal Period [As of November 30, 2022]
Not applicable.

(2) Transactions for which hedge accounting is applied
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	—

34th Fiscal Period [As of November 30, 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	76,500,000	58,500,000	621,789	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			105,400,000	87,400,000	621,789	—

(*) 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.

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

Not applicable.

34th Fiscal Period [From: June 1, 2022 To: November 30, 2022]

Not applicable.

② Affiliated companies, etc.

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

Not applicable.

34th Fiscal Period [From: June 1, 2022 To: November 30, 2022]

Not applicable.

③ Sister companies, etc.

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

Not applicable.

34th Fiscal Period [From: June 1, 2022 To: November 30, 2022]

Not applicable.

④ Officers and major individual unitholders, etc.

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

Not applicable.

34th Fiscal Period [From: June 1, 2022 To: November 30, 2022]

Not applicable.

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

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.)

34th Fiscal Period [From: June 1, 2022 To: November 30, 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 revenues arising from contracts with customers

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

(Unit: Thousands of yen)

	Revenues arising from contracts with customers (Note 1)	Sales to external customers
Sale of real estate properties (Note 2)	8,190,000	900,931
Utility charge revenues	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 revenues arising from contracts with customers. Furthermore, revenues arising from contracts with major customers are sales of real estate properties and utility charge revenues.

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

34th Fiscal Period [From: June 1, 2022 To: November 30, 2022]

(Unit: Thousands of yen)

	Revenues arising from contracts with customers (Note)	Sales to external customers
Sale of real estate properties	—	—
Utility charge revenues	1,028,764	1,028,764
Other	—	12,862,502
Total	1,028,764	13,891,267

(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 revenues arising from contracts with customers. Furthermore, revenues arising from contracts with major customers are sales of real estate properties and utility charge revenues.

[Notes to Investment and Rental Properties]

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

(Unit: Thousands of yen)

	33rd Fiscal Period [From: Dec. 1, 2021 To: May 31, 2022]	34th Fiscal Period [From: Jun. 1, 2022 To: Nov. 30, 2022]
Carrying amount		
Balance at beginning of period	450,782,802	453,560,151
Amount of increase (decrease) during period	2,777,348	1,001,239
Balance at end of period	453,560,151	454,561,390
Fair value at end of period	590,840,000	593,390,000

(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 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). For the 34th Fiscal Period, the amount of increase is mainly attributable to the acquisition of Daiwa Nihonbashi Bakurocho (1,958 million yen) and the amount of decrease is mainly attributable to depreciation (1,788 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

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

34th Fiscal Period [From: June 1, 2022 To: November 30, 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 major customers has been omitted because each net sales figure to a single external customer accounts for less than 10% of the operating revenue on statements of income.

[Notes to Per Unit Information]

	33rd Fiscal Period [From: Dec. 1, 2021 To: May 31, 2022]	34th Fiscal Period [From: Jun. 1, 2022 To: Nov. 30, 2022]
Net assets per unit	519,220 yen	517,484 yen
Net income per unit	15,443 yen	13,561 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.

	33rd Fiscal Period [From: Dec. 1, 2021 To: May 31, 2022]	34th Fiscal Period [From: Jun. 1, 2022 To: Nov. 30, 2022]
Net income (Thousands of yen)	7,493,070	6,512,095
Amounts not attributable to common unitholders (Thousands of yen)	—	—
Net income attributable to common investment units (Thousands of yen)	7,493,070	6,512,095
Average number of investment units during the period (Units)	485,190	480,206

[Notes to Significant Subsequent Events]

① Transfer of Assets

On November 21, 2022, the Investment Corporation transferred a trust beneficiary interest in real estate as described below.

Overview of the Transferred Asset

Asset name	Daiwa SHIBUYA EDGE
Type of asset	Trust beneficiary interest in domestic real estate
Sale price	7,313 million yen (The sale price excludes settlement amounts of fixed asset tax and city planning tax, consumption tax, etc.)
Date of conclusion of transfer agreement	November 21, 2022
Transfer date	December 21, 2022
Purchaser	Not disclosed (Note)

(Note) The purchaser is a domestic corporation, but the name of the purchaser is not disclosed as the consent from the purchaser has not been obtained.

② Borrowing of Funds

On November 30, 2022, the Investment Corporation conducted a borrowing of funds as described below. This borrowing is intended to partially fund the acquisition of the asset acquired on November 30, 2022 (Daiwa Nihonbashi Bakurocho).

Details of Borrowing

Lender	Loan amount (Millions of yen)	Interest rate	Drawdown date	Repayment method	Maturity
Sumitomo Mitsui Banking Corporation	2,000	1-month Japanese yen TIBOR+0.250% (Note)	December 30, 2022	Bullet payment / Unsecured	December 29, 2023

(Note) Interest payment date shall be the final day of each month and the maturity date. (If any such date is not a business day, it will be the following business day. If such date falls within the next month, the preceding business day of the month will be the payment day.) Interest rate is calculated based on the 1-month Japanese yen TIBOR which the Japanese Bankers Association announces two business days prior to the first day of the applicable period.

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

In the 34th 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 34th 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)
November 30, 2022	Cancellation	(4,271)	478,258	(2,999)	238,093	(Note 5)

(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 March 31, 2022, the Investment Corporation acquired own investment units through market purchase at the Tokyo Stock Exchange based on a discretionary transaction agreement with a securities company. The Investment Corporation cancelled all of the acquired own investment units (5,559 units) on May 31, 2022, based on the resolution at its board of directors' meeting held on May 23, 2022.
- (Note 5) In the period from August 25, 2022 to September 28, 2022, the Investment Corporation acquired own investment units through market purchase at the Tokyo Stock Exchange based on a discretionary transaction agreement with a securities company. The Investment Corporation cancelled all of the acquired own investment units (4,271 units) on November 30, 2022, based on the resolution at its board of directors' meeting held on November 25, 2022.

3. Reference Information

3.1. Investment Status

Type of asset	Use	Region	34th Fiscal Period (As of November 30, 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)	15,482	3.2
Trust beneficiary interest in real estate	Office	Five Central Wards of Tokyo (Note 2)	350,791	72.9
		Greater Tokyo (Note 3)	79,419	16.5
		Major Regional Cities (Note 4)	8,868	1.8
Subtotal			454,561	94.5
Deposits and other assets			26,487	5.5
Total amount of assets (Note 5)			481,049	100.0
			(454,561)	(94.5)

(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 November 30, 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	12,748	16,300	3.0
	Daiwa Ginza Annex		3,050	2,733	3,410	0.7
	Daiwa Shibaura	Trust beneficiary interest in real estate	8,265	7,965	8,600	1.8
	Daiwa Sarugakucho		3,190	3,051	4,360	0.7
	Daiwa A Hamamatsucho (Note 5)		2,865	2,673	3,980	0.6
	Daiwa Jingumae		2,800	2,637	3,260	0.6
	Daiwa Shibadaimon		2,578	2,326	4,140	0.6
	Daiwa Misakicho		2,346	2,077	3,170	0.5
	Daiwa Tsukijiekimae		1,560	1,203	2,420	0.3
	Daiwa Tsukiji		1,240	1,087	1,820	0.3
	Daiwa Tsukishima		7,840	6,460	11,000	1.7
	Daiwa Nihonbashi Horidomecho		2,520	2,336	3,080	0.5
	Daiwa Azabudai		1,600	1,478	2,010	0.3
	Shinjuku Maynds Tower (Note 5)		66,900	63,005	64,700	14.3
	Daiwa SHIBUYA EDGE		5,900	5,537	5,490	1.3
	Daiwa Kodenmachi		2,460	2,309	2,460	0.5
	Daiwa Nishi-Shimbashi		5,000	4,528	7,380	1.1
	Daiwa Kayabacho		5,600	5,055	8,530	1.2
	Daiwa Jinbocho 3-chome		3,550	3,197	5,440	0.8
	E SPACE TOWER		24,000	23,263	39,000	5.1
	Daiwa Nihonbashi Hongokucho		1,721	1,476	2,810	0.4
	shinyon curumu		9,650	9,413	17,200	2.1
	Daiwa Akasaka		9,200	9,998	15,800	2.0
	Daiwa Shibuya Miyamasuzaka		7,000	7,201	13,900	1.5
	Daiwa Azabu Terrace		14,000	13,684	19,000	3.0
	Daiwa Ebisu 4-chome		4,135	4,144	6,620	0.9
	LAQUAS Higashi Shinjuku		8,450	8,228	11,600	1.8
	Daiwa Aoyama		9,800	9,929	12,700	2.1
	Daiwa Shibuya Shinsen		4,800	4,931	6,550	1.0
	Daiwa Shibuya Square		16,000	15,733	23,200	3.4
	Daiwa River Gate		28,000	27,301	35,900	6.0
	Daiwa Hatchobori ekimae		2,871	2,872	3,420	0.6
	Daiwa Hatchobori ekimae West		1,647	1,704	2,030	0.4
	Daiwa Nishi-Shinjuku		13,710	13,890	18,100	2.9
	Kirin Nihonbashi		8,180	8,250	8,500	1.7
	Daiwa Higashi-Nihonbashi		6,370	6,191	7,360	1.4
	Daiwa Daikanyama		2,280	2,344	3,800	0.5
	Daiwa Shinjuku West		942	984	1,320	0.2
	Daiwa Kanda Mikuracho	1,592	1,601	1,900	0.3	
	Daiwa Kanda East	4,200	4,176	5,900	0.9	
	Daiwa Kandasudacho	2,295	2,372	2,960	0.5	
	Daiwa Sasazuka Tower	15,500	15,947	16,200	3.3	
	Daiwa Sasazuka	3,000	3,219	3,680	0.6	
	Daiwa Harumi	11,200	11,116	13,100	2.4	
	Daiwa Mita 2-Chome	2,635	1,565	4,330	0.6	
	Nihonbashi Central Square (Note 5)	3,521	3,589	3,920	0.8	
	Daiwa Nihonbashi Bakurocho (Note 6)	5,733	5,794	6,730	1.2	
	Daiwa Kandabashi	1,970	2,042	2,110	0.4	
	Kandasudacho 2-Chome Development Site (land) (Note 7)	10,600	10,884	11,800	2.3	
Total for Five Central Wards of Tokyo (49 properties)			378,366	366,273	482,990	80.8

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	2,488	4,420	0.6
	Daiwa Shinagawa North		7,710	6,895	6,370	1.6
	Daiwa Kamiooka		2,000	1,756	2,970	0.4
	Daiwa Ogikubo Tower		15,220	15,930	23,400	3.2
	Daiwa Meguro Square		5,600	5,340	7,380	1.2
	Daiwa Ogikubo		3,800	3,961	4,970	0.8
	CONCURRED Yokohama (Note 5)		38,100	37,478	41,700	8.1
	Daiwa Shinagawa Gotenyama		2,500	2,614	2,890	0.5
	Daiwa Nakano-Sakaue		2,750	2,952	2,700	0.6
Total for Greater Tokyo (9 properties)			80,638	79,419	96,800	17.2
Major Regional Cities	Daiwa Kitahama	Trust beneficiary interest in real estate	9,481	8,868	13,600	2.0
Total for Major Regional Cities (1 property)			9,481	8,868	13,600	2.0
Total (59 properties)			468,486	454,561	593,390	100.0

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

(Note 2) "Carrying amount" is the book value after depreciation as of November 30, 2022.

(Note 3) "Estimated price at end of period" is the price as of November 30, 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 name was changed from "Nihonbashi-Bakurocho 1-Chome Development Site (land)" to "Daiwa Nihonbashi Bakurocho" on November 30, 2022. The same shall apply hereafter.

(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 June 2024.

3.2.2. Summary of Building and Leasing of Investment Real Estate

Region	Property name	Structure and number of floors (Note 1)	Construction completion (Note 2)	Leasable floor area (m ²) (Note 3)	Leased floor area (m ²) (Note 4)	Total number of tenants (Note 5)	Occupancy rate (%) (Note 6)	Rent revenue during current period (Thousands of yen) (Note 7)
Five Central Wards of Tokyo	Daiwa Ginza	SRC B3/12F	July 1963	8,117.07	8,053.89	21	99.2	440,767
	Daiwa Ginza Annex	SRC B3/8F	Aug. 1972	2,032.11	2,032.11	7	100.0	89,771
	Daiwa Shibaura	SRC B1/12F	Oct. 1987	9,619.67	8,647.48	55	89.8	250,123
	Daiwa Sarugakucho (Note 8)	SRC 8F	June 1985	3,657.43	3,657.43	2	100.0	(Not disclosed)
	Daiwa A Hamamatsucho	SRC B2/10F	July 1993	3,663.38	3,663.38	12	100.0	138,189
	Daiwa Jingumae	RC B1/4F	Dec. 1997	2,198.61	2,198.61	4	100.0	77,396
	Daiwa Shibadaimon	SRC/RC B1/7F	Nov. 1996	2,386.48	2,386.48	8	100.0	96,231
	Daiwa Misakicho (Note 8)	S 8F	July 1996	2,137.53	2,137.53	1	100.0	(Not disclosed)
	Daiwa Tsukijiekimae	SRC 10F	Jan. 1996	2,659.59	2,659.59	6	100.0	70,892
	Daiwa Tsukiji	SRC B1/7F	Jan. 1990	1,487.44	1,487.44	6	100.0	52,426
	Daiwa Tsukishima	S 5F	July 1996	8,425.69	6,616.69	3	78.5	275,011
	Daiwa Nihonbashi Horidomecho	SRC B2/7F	Apr. 1993	2,848.91	2,848.91	6	100.0	89,494
	Daiwa Azabudai	SRC B2/9F	Apr. 1984	1,697.88	1,697.88	11	100.0	56,990
	Shinjuku Maynds Tower (Note 9)	S/SRC B3/34F	Sept. 1995	22,768.43	21,276.74	38	93.4	1,276,082
	Daiwa SHIBUYA EDGE	RC B1/9F	Aug. 2006	2,480.65	2,480.65	5	100.0	120,385
	Daiwa Kodenmachi	SRC 8F	Mar. 1985	2,379.31	2,379.31	8	100.0	61,825
	Daiwa Nishi-Shimbashi	SRC B1/10F	July 1993	4,815.84	4,815.84	11	100.0	189,790
	Daiwa Kayabacho (Note 8)	S/SRC B1/8F	Apr. 2010	5,899.11	5,899.11	1	100.0	(Not disclosed)
	Daiwa Jinbocho 3-chome	S 9F	Feb. 2010	2,889.34	2,889.34	8	100.0	126,540
	E SPACE TOWER	S/SRC B1/15F	Oct. 2002	13,960.84	13,960.84	14	100.0	816,919
	Daiwa Nihonbashi Hongokucho	S 8F	May 2010	2,143.08	2,143.08	6	100.0	78,062
	shinyon curumu	S/RC B2/11F	Jan. 2012	6,751.31	6,751.31	17	100.0	387,311
	Daiwa Akasaka	SRC B2/7F	Sept. 1990	8,752.21	8,365.54	18	95.5	300,621
	Daiwa Shibuya Miyamasuzaka	S B1/12F	Dec. 1988	6,328.28	6,328.28	9	100.0	322,820
	Daiwa Azabu Terrace	S/RC B1/6F	Sept. 2009	13,234.39	11,153.22	10	84.2	447,388
	Daiwa Ebisu 4-chome (Note 8)	SRC B1/9F	Dec. 1997	2,951.70	2,951.70	1	100.0	(Not disclosed)
	LAQUAS Higashi Shinjuku	S 10F	Aug. 2010	7,498.33	7,498.33	4	100.0	236,595
	Daiwa Aoyama	S/RC B1/7F	Nov. 2001	4,426.10	4,426.10	7	100.0	262,579
	Daiwa Shibuya Shinsen	RC B1/9F	Sept. 2001	2,714.03	1,831.98	3	67.5	40,782
	Daiwa Shibuya Square	S/SRC B1/11F	Feb. 2004	8,566.73	8,566.73	9	100.0	450,969
	Daiwa River Gate	S/SRC/RC B2/20F	Feb. 1994	32,045.25	31,959.90	97	99.7	1,034,497
	Daiwa Hatchobori ekimae	S/SRC B1/10F	Feb. 2006	2,622.42	2,622.42	9	100.0	90,845
Daiwa Hatchobori ekimae West	SRC B1/9F	Feb. 1996	1,734.68	1,734.68	9	100.0	46,914	
Daiwa Nishi-Shinjuku	SRC/RC/S B2/11F	Aug. 1991	6,967.61	6,967.61	7	100.0	409,629	
Kirin Nihonbashi (Note 8)	S/SRC 7F	Feb. 1999	5,630.17	5,630.17	1	100.0	(Not disclosed)	
Daiwa Higashi-Nihonbashi	S 7F	Mar. 2008	5,015.88	5,015.88	5	100.0	181,154	

Region	Property name	Structure and number of floors (Note 1)	Construction completion (Note 2)	Leasable floor area (m ²) (Note 3)	Leased floor area (m ²) (Note 4)	Total number of tenants (Note 5)	Occupancy rate (%) (Note 6)	Rent revenue during current period (Thousands of yen) (Note 7)
Five Central Wards of Tokyo	Daiwa Daikanyama (Note 8)	S 6F	Mar. 2001	1,642.83	1,642.83	1	100.0	(Not disclosed)
	Daiwa Shinjuku West	RC 4F	Mar. 1989	1,118.74	1,118.74	9	100.0	37,821
	Daiwa Kanda Mikuracho	SRC/S B1/7F	Jan. 1991	1,719.51	1,457.84	6	84.7	47,548
	Daiwa Kanda East	S 9F	Feb. 2005	3,980.56	3,980.56	5	100.0	146,438
	Daiwa Kandasudacho	S/RC B1/10F	Aug. 1990	2,211.64	2,211.64	7	100.0	73,993
	Daiwa Sasazuka Tower	SRC/RC/S B2/18F	Feb. 1993	16,158.16	16,158.16	7	100.0	487,773
	Daiwa Sasazuka	SRC/S B1/8F	Dec. 1991	3,828.95	3,828.95	9	100.0	100,472
	Daiwa Harumi	S B1/12F	Jan. 2008	11,227.10	11,227.10	7	100.0	371,195
	Daiwa Mita 2-Chome (Note 8)	S 8F	Mar. 2017	2,101.61	2,101.61	1	100.0	(Not disclosed)
	Nihonbashi Central Square (Note 10)	S 8F	Jan. 2010	1,837.05	1,574.12	9	85.6	84,622
	Daiwa Nihonbashi Bakurocho	S 10F	Nov. 2022	3,677.63	3,216.79	3	87.4	113
	Daiwa Kandabashi	S B1/10F	Aug. 2009	1,224.00	1,224.00	12	100.0	39,235
	Kandasudacho 2-Chome Development Site (land) (Note 11)	—	—	—	—	—	—	—
Total for Five Central Wards of Tokyo (49 properties)				274,235.26	265,478.52	515	96.8	10,829,846
Greater Tokyo	Daiwa Higashi-Ikebukuro	SRC/S B1/9F	June 1993	4,462.28	4,005.91	7	89.7	125,846
	Daiwa Shinagawa North	SRC B1/11F	July 1991	6,546.03	6,546.03	15	100.0	201,036
	Daiwa Kamiooka	S/SRC B3/7F	May 2011	2,630.30	2,630.30	9	100.0	92,682
	Daiwa Ogikubo Tower (Note 12)	S/SRC B2/18F	June 1993	17,778.14	17,778.14	10	100.0	676,260
	Daiwa Meguro Square	S/SRC B2/14F	July 2009	3,519.50	3,519.50	16	100.0	164,071
	Daiwa Ogikubo	SRC B1/7F	Nov. 1990	3,849.63	3,849.63	11	100.0	131,217
	CONCURRED Yokohama (Note 13)	S/SRC B1/20F	Feb. 2008	28,052.98	28,052.98	37	100.0	1,052,219
	Daiwa Shinagawa Gotenyama	SRC/S 8F	July 1992	2,396.96	2,396.96	6	100.0	79,547
	Daiwa Nakano-Sakaue	SRC B1/8F	Jan. 1995	2,716.92	2,716.92	6	100.0	69,658
Total for Greater Tokyo (9 properties)				71,952.74	71,496.37	117	99.3	2,592,541
Major Regional Cities	Daiwa Kitahama	S/SRC B1/16F	Feb. 2008	13,517.62	13,517.62	7	100.0	414,326
Total for Major Regional Cities (1 property)				13,517.62	13,517.62	7	100.0	414,326
Total (59 properties)				359,705.62	350,492.51	639	97.4	13,836,714

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

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

(Note 3) “Leasable floor area” represents the floor area of the building of the applicable property that is leasable, not including the leasable area of the land (including level parking space), and is the floor area indicated in the lease contract, etc. as of November 30, 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 November 30, 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 34th Fiscal Period, rounded down to the nearest thousand yen.
- (Note 8) Not shown for such reasons as consent was not obtained from major tenants to disclose the rent revenue during current period for the properties.
- (Note 9) The real estate in trust pertaining to trust beneficiary interest held by the Investment Corporation is the co-ownership interest corresponding to three-sevenths of the entire property. Accordingly, leasable floor area and leased floor area are the floor areas corresponding to three-sevenths of the entire building.
- (Note 10) The real estate in trust pertaining to trust beneficiary interest held by the Investment Corporation is the compartmentalized ownership building. Of the rent revenue, the Investment Corporation’s ownership ratio of revenue from the master lease business (rent income, etc.) is 183,715/301,220, based on the agreement, etc. among the compartmentalized co-owners of the property. Leasable floor area and leased floor area are figures corresponding to 183,715/301,220 of the area subject to the business while total number of tenants and occupancy rate are figures for the entirety of the area subject to the business.
- (Note 11) The Investment Corporation currently owns only the land as the development site, and is proceeding with the development of an office building on the property.
- (Note 12) The buildings consist of three registrations. Of these, the details of the major building are shown here.
- (Note 13) The real estate in trust pertaining to trust beneficiary interest held by the Investment Corporation is the quasi co-ownership interest corresponding to 75% of the entire property. Accordingly, leasable floor area and leased floor area are the floor areas corresponding to 75% of the entire building.

3.2.3. Capital Expenditures for Assets Under Management

A. Scheduled Capital Expenditures

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

Name of real estate properties (Location)	Purpose	Scheduled implementation period	Estimated construction cost (Millions of yen)		
			Total amount	Amount paid during current period	Total amount already paid
Daiwa River Gate (Chuo-ku, Tokyo)	Modification of heat source system	From: Dec. 2022 To: May 2023	346	—	—
Daiwa Shibuya Square (Shibuya-ku, Tokyo)	Upgrading of air-conditioning facilities	From: Dec. 2022 To: May 2023	129	—	—
Daiwa Nakano-Sakaue (Nakano-ku, Tokyo)	Repair of exterior walls	From: Dec. 2022 To: May 2023	69	—	—
E SPACE TOWER (Shibuya-ku, Tokyo)	Upgrading of 3F PAC/HEX	From: Dec. 2022 To: May 2023	66	—	—
Daiwa Kodenmacho (Chuo-ku, Tokyo)	Upgrading of air-conditioning facilities	From: Dec. 2022 To: May 2023	61	—	—

B. Capital Expenditures During the 34th Fiscal Period

The following summarizes the primary construction work that constitutes capital expenditures implemented during the 34th Fiscal Period for existing portfolio properties. Capital expenditures for the 34th Fiscal Period amounted to 798 million yen and, when combined with the 130 million yen in repair expenses charged to the 34th Fiscal Period expenses, totals 929 million yen in construction work implemented.

Name of real estate properties (Location)	Purpose	Period	Construction amount paid (Millions of yen)
Daiwa Ogikubo Tower (Suginami-ku, Tokyo)	Conversion to LED lighting at common and exclusive areas	From: July 2022 To: Oct. 2022	72
Shinjuku Maynds Tower (Shibuya-ku, Tokyo)	Upgrading of air-conditioning facilities	From: June 2022 To: Nov. 2022	43
Daiwa Akasaka (Minato-ku, Tokyo)	3F setup office work	From: July 2022 To: Aug. 2022	35
Other			646
Total			798

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	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]	34th Fiscal Period [From: June 1, 2022 To: Nov. 30, 2022]
Balance of reserve at beginning of current period	2,150	2,190	2,190	1,225	1,619
Amount of reserve in current period	40	—	—	744	98
Reversal of reserve in current period	—	—	965	351	316
Amount carried forward to next period	2,190	2,190	1,225	1,619	1,402

3.2.4. Summary of Estimated Price at End of Period (As of November 30, 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	16,300	16,400	3.4	16,200	3.1	3.6
Daiwa Ginza Annex	3,410	3,480	3.5	3,330	3.1	3.7
Daiwa Shibaura	8,600	8,670	3.8	8,570	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	4,070	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	3,170	3,220	3.7	3,150	3.5	3.9
Daiwa Tsukijiekimae (Note 3)	2,420	2,430	3.9	2,410	3.9	4.1
Daiwa Tsukiji	1,820	1,820	3.7	1,820	3.7	3.9
Daiwa Tsukishima	11,000	11,200	3.9	10,900	3.6	4.1
Daiwa Nihonbashi Horidomecho	3,080	3,110	3.7	3,040	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	5,490	5,590	3.4	5,380	3.2	3.6
Daiwa Kodenmacho	2,460	2,500	3.9	2,410	3.7	4.1
Daiwa Nishi-Shimbashi	7,380	7,520	3.4	7,320	3.2	3.6
Daiwa Kayabacho	8,530	8,680	3.2	8,470	3.0	3.4
Daiwa Jinbocho 3-chome	5,440	5,550	3.2	5,390	3.0	3.4
E SPACE TOWER	39,000	39,400	2.8	38,500	2.6	2.9
Daiwa Nihonbashi Hongokucho	2,810	2,840	3.8	2,800	3.6	4.0
shinyon curumu	17,200	17,500	3.1	17,000	2.9	3.3
Daiwa Akasaka	15,800	16,200	3.1	15,600	2.9	3.3
Daiwa Shibuya Miyamasuzaka	13,900	14,000	3.1	13,800	2.9	3.2
Daiwa Azabu Terrace	19,000	19,300	3.3	18,700	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	6,550	6,820	3.2	6,440	3.0	3.4
Daiwa Shibuya Square	23,200	23,200	3.1	23,100	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	3,390	3.1	3.5
Daiwa Hatchobori ekimae West	2,030	2,090	3.4	2,010	3.2	3.6
Daiwa Nishi-Shinjuku	18,100	18,600	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	7,360	7,510	3.7	7,290	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)	3,800	3,830	3.0	3,790	3.0	3.2
Daiwa Shinjuku West	1,320	1,330	3.7	1,310	3.5	3.9
Daiwa Kanda Mikuracho	1,900	1,910	3.6	1,890	3.6	3.8
Daiwa Kanda East	5,900	5,960	3.2	5,840	3.0	3.3
Daiwa Kandasudacho	2,960	2,950	3.4	2,970	3.4	3.6
Daiwa Sasazuka Tower	16,200	16,600	3.8	16,000	3.6	4.0
Daiwa Sasazuka	3,680	3,760	3.9	3,640	3.7	4.1
Daiwa Harumi	13,100	13,200	3.5	12,900	3.5	3.7
Daiwa Mita 2-Chome	4,330	4,380	3.5	4,270	3.3	3.6
Nihonbashi Central Square (Note 6)	3,920	4,010	3.3	3,820	3.1	3.5
Daiwa Nihonbashi Bakurocho	6,730	7,070	3.4	6,590	3.2	3.6
Daiwa Kandabashi	2,110	2,180	3.3	2,080	3.1	3.5
Kandasudacho 2-Chome Development Site (land) (Note 7)	11,800	—	—	—	—	—
Daiwa Higashi-Ikebukuro	4,420	4,480	3.9	4,400	3.7	4.1
Daiwa Shinagawa North	6,370	6,500	4.0	6,230	3.8	4.2
Daiwa Kamiooka	2,970	3,000	4.4	2,960	4.2	4.6
Daiwa Ogikubo Tower	23,400	23,500	3.6	23,300	3.4	3.8
Daiwa Meguro Square	7,380	7,580	3.4	7,300	3.2	3.6
Daiwa Ogikubo	4,970	5,030	3.8	4,940	3.6	4.0
CONCURRED Yokohama (Note 8)	41,700	42,700	4.1	41,200	3.9	4.3
Daiwa Shinagawa Gotenyama	2,890	2,920	3.9	2,870	3.7	4.1
Daiwa Nakano-Sakaue	2,700	2,800	3.9	2,660	3.6	4.1
Daiwa Kitahama	13,600	13,700	3.6	13,500	3.4	3.8
Total	593,390	681,980	—	660,410	—	—

(Note 1) “Estimated price at end of period” is the price as of November 30, 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 (3.8% 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 for the eleventh fiscal year (3.1% up to the tenth fiscal year).

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

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

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

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

The following table lists the status of income (loss), etc. of each property for the 34th Fiscal Period (from June 1, 2022 to November 30, 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 Sarugakucho (Note 3)	Daiwa A Hamamatsucho
Acquisition date		Oct. 2005	Oct. 2005	Oct. 2005	Oct. 2005	Oct. 2005
Price information	Acquisition price (Millions of yen)	14,100	3,050	8,265	3,190	2,865
	Investment ratio (%)	3.0	0.7	1.8	0.7	0.6
	Carrying amount (Millions of yen)	12,748	2,733	7,965	3,051	2,673
	Estimated price at end of period (Millions of yen)	16,300	3,410	8,600	4,360	3,980
Leasing information	Total number of tenants (Note 1)	21	7	55	2	12
	Leasable floor area (m ²)	8,117.07	2,032.11	9,619.67	3,657.43	3,663.38
	Leased floor area (m ²)	8,053.89	2,032.11	8,647.48	3,657.43	3,663.38
	Occupancy rate (%)					
	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	100.0	
End of Nov. 2022	99.2	100.0	89.8	100.0	100.0	
Income (loss) information	Number of days of asset management	183	183	183	183	183
	Total property leasing revenue (A) (Thousands of yen)	440,767	89,771	252,355	(Not disclosed)	138,189
	Rent revenue – real estate	440,767	89,771	250,123	(Not disclosed)	138,189
	Other lease business revenue	—	—	2,231	(Not disclosed)	—
	Total property leasing expenses (B) (Thousands of yen)	187,372	37,867	108,258	(Not disclosed)	77,345
	Consignment expenses	29,207	5,753	17,840	(Not disclosed)	10,127
	Utilities expenses	33,342	8,024	24,034	(Not disclosed)	11,490
	Taxes and dues	35,988	11,916	21,289	(Not disclosed)	9,316
	Non-life insurance expenses	593	136	539	(Not disclosed)	255
	Repair expenses	6,900	1,357	7,046	(Not disclosed)	1,611
	Depreciation (C)	63,536	9,682	37,508	(Not disclosed)	15,143
	Other lease business expenses	17,802	996	—	(Not disclosed)	29,400
	Operating income (loss) from property leasing (D) [(A) – (B)] (Thousands of yen)	253,395	51,903	144,096	(Not disclosed)	60,843
NOI (E) [(D) + (C)] (Thousands of yen)	316,931	61,586	181,605	90,526	75,987	
Capital expenditures (F) (Thousands of yen)	14,005	6,359	30,012	150	4,062	
NCF [(E) – (F)] (Thousands of yen)	302,925	55,226	151,592	90,376	71,924	
Reference information	Expense rate (%) [(B) ÷ (A)]	42.51	42.18	42.90	(Not disclosed)	55.97
	Annual amount of fixed property tax, etc. for fiscal 2022 (Thousands of yen)	71,958	23,688	42,045	14,511	18,515
	Estimated long-term repair expenses (Thousands of yen) (Note 2)	785,230	203,990	302,630	96,757	103,380

Region		Five Central Wards of Tokyo				
Property name		Daiwa Jingumae	Daiwa Shibadaimon	Daiwa Misakicho (Note 3)	Daiwa Tsukijiekimae	Daiwa Tsukiji
Acquisition date		Oct. 2005	Oct. 2005	Oct. 2005	Jan. 2006	Jan. 2006
Price information	Acquisition price (Millions of yen)	2,800	2,578	2,346	1,560	1,240
	Investment ratio (%)	0.6	0.6	0.5	0.3	0.3
	Carrying amount (Millions of yen)	2,637	2,326	2,077	1,203	1,087
	Estimated price at end of period (Millions of yen)	3,260	4,140	3,170	2,420	1,820
Leasing information	Total number of tenants (Note 1)	4	8	1	6	6
	Leasable floor area (m ²)	2,198.61	2,386.48	2,137.53	2,659.59	1,487.44
	Leased floor area (m ²)	2,198.61	2,386.48	2,137.53	2,659.59	1,487.44
	Occupancy rate (%)					
	End of Nov. 2020	78.5	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	84.7	100.0	100.0	100.0
End of Nov. 2022	100.0	100.0	100.0	100.0	100.0	
Income (loss) information	Number of days of asset management	183	183	183	183	183
	Total property leasing revenue (A) (Thousands of yen)	77,396	96,231	(Not disclosed)	70,892	52,426
	Rent revenue – real estate	77,396	96,231	(Not disclosed)	70,892	52,426
	Other lease business revenue	—	—	(Not disclosed)	—	—
	Total property leasing expenses (B) (Thousands of yen)	26,156	35,869	(Not disclosed)	30,620	19,294
	Consignment expenses	3,991	9,088	(Not disclosed)	3,772	3,525
	Utilities expenses	5,536	8,280	(Not disclosed)	6,539	4,118
	Taxes and dues	7,128	6,853	(Not disclosed)	5,371	4,226
	Non-life insurance expenses	116	166	(Not disclosed)	138	84
	Repair expenses	328	796	(Not disclosed)	752	888
	Depreciation (C)	9,048	10,685	(Not disclosed)	14,028	6,450
	Other lease business expenses	7	—	(Not disclosed)	18	—
	Operating income (loss) from property leasing (D) [(A) – (B)] (Thousands of yen)	51,239	60,361	(Not disclosed)	40,271	33,132
NOI (E) [(D) + (C)] (Thousands of yen)	60,288	71,047	63,833	54,299	39,582	
Capital expenditures (F) (Thousands of yen)	1,689	2,039	5,250	—	—	
NCF [(E) – (F)] (Thousands of yen)	58,598	69,007	58,583	54,299	39,582	
Reference information	Expense rate (%) [(B) ÷ (A)]	33.80	37.27	(Not disclosed)	43.19	36.80
	Annual amount of fixed property tax, etc. for fiscal 2022 (Thousands of yen)	14,255	13,367	11,016	10,709	8,394
	Estimated long-term repair expenses (Thousands of yen) (Note 2)	99,700	87,656	114,585	79,450	97,348

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Region		Five Central Wards of Tokyo				
Property name		Daiwa Tsukishima	Daiwa Nihonbashi Horidomecho	Daiwa Azabudai	Shinjuku Maynds Tower	Daiwa SHIBUYA EDGE
Acquisition date		Mar. 2006	May 2006	May 2006	July 2007 and Nov. 2007	July 2007
Price information	Acquisition price (Millions of yen)	7,840	2,520	1,600	66,900	5,900
	Investment ratio (%)	1.7	0.5	0.3	14.3	1.3
	Carrying amount (Millions of yen)	6,460	2,336	1,478	63,005	5,537
	Estimated price at end of period (Millions of yen)	11,000	3,080	2,010	64,700	5,490
Leasing information	Total number of tenants (Note 1)	3	6	11	38	5
	Leasable floor area (m ²)	8,425.69	2,848.91	1,697.88	22,768.43	2,480.65
	Leased floor area (m ²)	6,616.69	2,848.91	1,697.88	21,276.74	2,480.65
	Occupancy rate (%)					
	End of Nov. 2020	100.0	100.0	100.0	100.0	100.0
	End of May 2021	100.0	100.0	100.0	99.6	100.0
	End of Nov. 2021	100.0	100.0	100.0	98.0	73.9
End of May 2022	100.0	100.0	100.0	92.5	100.0	
End of Nov. 2022	78.5	100.0	100.0	93.4	100.0	
Income (loss) information	Number of days of asset management	183	183	183	183	183
	Total property leasing revenue (A) (Thousands of yen)	275,011	89,494	57,848	1,276,082	120,385
	Rent revenue – real estate	275,011	89,494	56,990	1,276,082	120,385
	Other lease business revenue	–	–	857	–	–
	Total property leasing expenses (B) (Thousands of yen)	105,851	38,076	21,800	590,704	35,194
	Consignment expenses	12,483	6,784	3,923	95,466	5,848
	Utilities expenses	17,108	7,321	4,125	135,999	9,696
	Taxes and dues	15,362	7,160	5,208	137,869	8,358
	Non-life insurance expenses	407	179	103	2,585	145
	Repair expenses	2,821	1,552	207	15,941	1,255
	Depreciation (C)	57,668	15,078	8,232	202,233	9,889
	Other lease business expenses	–	–	–	608	–
	Operating income (loss) from property leasing (D) [(A) – (B)] (Thousands of yen)	169,160	51,417	36,047	685,378	85,191
NOI (E) [(D) + (C)] (Thousands of yen)	226,828	66,496	44,280	887,611	95,081	
Capital expenditures (F) (Thousands of yen)	9,871	903	28,390	52,412	569	
NCF [(E) – (F)] (Thousands of yen)	216,957	65,592	15,889	835,198	94,512	
Reference information	Expense rate (%) [(B) ÷ (A)]	38.49	42.55	37.69	46.29	29.23
	Annual amount of fixed property tax, etc. for fiscal 2022 (Thousands of yen)	30,724	14,139	10,395	272,926	16,714
	Estimated long-term repair expenses (Thousands of yen) (Note 2)	136,680	147,575	110,990	5,834,950	45,350

Region		Five Central Wards of Tokyo				
Property name		Daiwa Kodenmacho	Daiwa Nishi-Shimbashi	Daiwa Kayabacho (Note 3)	Daiwa Jinbocho 3-chome	E SPACE TOWER
Acquisition date		Aug. 2007	Aug. 2010	Mar. 2011	Mar. 2011	July 2011
Price information	Acquisition price (Millions of yen)	2,460	5,000	5,600	3,550	24,000
	Investment ratio (%)	0.5	1.1	1.2	0.8	5.1
	Carrying amount (Millions of yen)	2,309	4,528	5,055	3,197	23,263
	Estimated price at end of period (Millions of yen)	2,460	7,380	8,530	5,440	39,000
Leasing information	Total number of tenants (Note 1)	8	11	1	8	14
	Leasable floor area (m ²)	2,379.31	4,815.84	5,899.11	2,889.34	13,960.84
	Leased floor area (m ²)	2,379.31	4,815.84	5,899.11	2,889.34	13,960.84
	Occupancy rate (%)					
	End of Nov. 2020	100.0	100.0	100.0	100.0	92.8
	End of May 2021	100.0	100.0	100.0	88.1	100.0
	End of Nov. 2021	100.0	100.0	100.0	100.0	100.0
	End of May 2022	86.8	100.0	100.0	100.0	100.0
End of Nov. 2022	100.0	100.0	100.0	100.0	100.0	
Income (loss) information	Number of days of asset management	183	183	183	183	183
	Total property leasing revenue (A) (Thousands of yen)	61,825	190,330	(Not disclosed)	126,540	816,919
	Rent revenue – real estate	61,825	189,790	(Not disclosed)	126,540	816,919
	Other lease business revenue	—	540	(Not disclosed)	—	—
	Total property leasing expenses (B) (Thousands of yen)	29,757	89,572	(Not disclosed)	52,870	263,497
	Consignment expenses	7,326	15,542	(Not disclosed)	8,379	50,785
	Utilities expenses	6,653	15,829	(Not disclosed)	12,870	75,602
	Taxes and dues	3,936	16,617	(Not disclosed)	10,181	64,168
	Non-life insurance expenses	129	336	(Not disclosed)	176	906
	Repair expenses	2,651	3,011	(Not disclosed)	1,312	1,740
	Depreciation (C)	8,238	38,230	(Not disclosed)	19,949	70,222
	Other lease business expenses	822	6	(Not disclosed)	0	72
	Operating income (loss) from property leasing (D) [(A) – (B)] (Thousands of yen)	32,068	100,758	(Not disclosed)	73,670	553,421
	NOI (E) [(D) + (C)] (Thousands of yen)	40,306	138,988	146,197	93,620	623,644
Capital expenditures (F) (Thousands of yen)	9,134	4,047	131	636	16,232	
NCF [(E) – (F)] (Thousands of yen)	31,172	134,940	146,065	92,984	607,411	
Reference information	Expense rate (%) [(B) ÷ (A)]	48.13	47.06	(Not disclosed)	41.78	32.26
	Annual amount of fixed property tax, etc. for fiscal 2022 (Thousands of yen)	7,871	32,980	26,008	20,328	128,299
	Estimated long-term repair expenses (Thousands of yen) (Note 2)	84,051	178,710	138,850	98,780	696,050

Region		Five Central Wards of Tokyo				
Property name		Daiwa Nihonbashi Hongokucho	shinyon curumu	Daiwa Akasaka	Daiwa Shibuya Miyamasuzaka	Daiwa Azabu Terrace
Acquisition date		May 2012	Dec. 2012 and Apr. 2013	Aug. 2013	Sept. 2013	July 2014
Price information	Acquisition price (Millions of yen)	1,721	9,650	9,200	7,000	14,000
	Investment ratio (%)	0.4	2.1	2.0	1.5	3.0
	Carrying amount (Millions of yen)	1,476	9,413	9,998	7,201	13,684
	Estimated price at end of period (Millions of yen)	2,810	17,200	15,800	13,900	19,000
Leasing information	Total number of tenants (Note 1)	6	17	18	9	10
	Leasable floor area (m ²)	2,143.08	6,751.31	8,752.21	6,328.28	13,234.39
	Leased floor area (m ²)	2,143.08	6,751.31	8,365.54	6,328.28	11,153.22
	Occupancy rate (%)					
	End of Nov. 2020	100.0	96.7	100.0	100.0	100.0
	End of May 2021	100.0	93.3	96.7	88.1	100.0
	End of Nov. 2021	100.0	100.0	82.0	99.2	100.0
	End of May 2022	100.0	100.0	82.0	100.0	93.9
End of Nov. 2022	100.0	100.0	95.5	100.0	84.2	
Income (loss) information	Number of days of asset management	183	183	183	183	183
	Total property leasing revenue (A) (Thousands of yen)	78,062	387,311	300,621	322,820	455,803
	Rent revenue – real estate	78,062	387,311	300,621	322,820	447,388
	Other lease business revenue	–	–	–	–	8,415
	Total property leasing expenses (B) (Thousands of yen)	26,766	143,445	185,434	92,778	171,350
	Consignment expenses	3,445	29,659	42,725	17,142	29,826
	Utilities expenses	5,132	33,471	33,461	22,777	49,444
	Taxes and dues	4,634	38,941	36,233	24,306	34,577
	Non-life insurance expenses	106	448	575	421	823
	Repair expenses	13	2,374	9,095	719	2,259
	Depreciation (C)	13,434	38,549	62,441	27,247	54,319
	Other lease business expenses	–	–	900	164	99
	Operating income (loss) from property leasing (D) [(A) – (B)] (Thousands of yen)	51,296	243,866	115,186	230,041	284,453
NOI (E) [(D) + (C)] (Thousands of yen)	64,730	282,416	177,628	257,288	338,772	
Capital expenditures (F) (Thousands of yen)	210	15,765	44,353	7,941	12,209	
NCF [(E) – (F)] (Thousands of yen)	64,520	266,650	133,274	249,347	326,562	
Reference information	Expense rate (%) [(B) ÷ (A)]	34.29	37.04	61.68	28.74	37.59
	Annual amount of fixed property tax, etc. for fiscal 2022 (Thousands of yen)	9,257	77,852	72,374	48,563	68,841
	Estimated long-term repair expenses (Thousands of yen) (Note 2)	75,395	301,626	327,392	457,625	491,112

Region		Five Central Wards of Tokyo				
Property name		Daiwa Ebisu 4-chome (Note 3)	LAQUAS Higashi Shinjuku	Daiwa Aoyama	Daiwa Shibuya Shinsen	Daiwa Shibuya Square
Acquisition date		Dec. 2014	Dec. 2014	Mar. 2015	Mar. 2015	May 2015
Price information	Acquisition price (Millions of yen)	4,135	8,450	9,800	4,800	16,000
	Investment ratio (%)	0.9	1.8	2.1	1.0	3.4
	Carrying amount (Millions of yen)	4,144	8,228	9,929	4,931	15,733
	Estimated price at end of period (Millions of yen)	6,620	11,600	12,700	6,550	23,200
Leasing information	Total number of tenants (Note 1)	1	4	7	3	9
	Leasable floor area (m ²)	2,951.70	7,498.33	4,426.10	2,714.03	8,566.73
	Leased floor area (m ²)	2,951.70	7,498.33	4,426.10	1,831.98	8,566.73
	Occupancy rate (%)					
	End of Nov. 2020	100.0	100.0	85.9	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	96.8
	End of May 2022	100.0	100.0	100.0	100.0	100.0
End of Nov. 2022	100.0	100.0	100.0	67.5	100.0	
Income (loss) information	Number of days of asset management	183	183	183	183	183
	Total property leasing revenue (A) (Thousands of yen)	(Not disclosed)	236,595	262,579	40,782	487,692
	Rent revenue – real estate	(Not disclosed)	236,595	262,579	40,782	450,969
	Other lease business revenue	(Not disclosed)	—	—	—	36,723
	Total property leasing expenses (B) (Thousands of yen)	(Not disclosed)	89,082	58,380	70,323	120,221
	Consignment expenses	(Not disclosed)	10,480	12,948	39,822	27,884
	Utilities expenses	(Not disclosed)	18,599	8,636	3,231	28,681
	Taxes and dues	(Not disclosed)	21,588	16,305	8,948	29,499
	Non-life insurance expenses	(Not disclosed)	416	212	165	515
	Repair expenses	(Not disclosed)	3,526	1,352	2,253	6,969
	Depreciation (C)	(Not disclosed)	34,313	18,924	15,902	26,670
	Other lease business expenses	(Not disclosed)	158	—	—	—
	Operating income (loss) from property leasing (D) [(A) – (B)] (Thousands of yen)	(Not disclosed)	147,512	204,199	(29,541)	367,471
NOI (E) [(D) + (C)] (Thousands of yen)	141,100	181,826	223,123	(13,638)	394,141	
Capital expenditures (F) (Thousands of yen)	2,558	7,603	1,904	75,277	10,242	
NCF [(E) – (F)] (Thousands of yen)	138,541	174,222	221,219	(88,915)	383,899	
Reference information	Expense rate (%) [(B) ÷ (A)]	(Not disclosed)	37.65	22.23	172.44	24.65
	Annual amount of fixed property tax, etc. for fiscal 2022 (Thousands of yen)	19,817	42,929	32,610	17,637	58,684
	Estimated long-term repair expenses (Thousands of yen) (Note 2)	98,692	162,700	175,290	178,610	234,380

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Region		Five Central Wards of Tokyo				
Property name		Daiwa River Gate	Daiwa Hatchobori ekimae	Daiwa Hatchobori ekimae West	Daiwa Nishi-Shinjuku	Kirin Nihonbashi (Note 3)
Acquisition date		June 2015	Sept. 2015	Sept. 2015	Mar. 2016	May 2016
Price information	Acquisition price (Millions of yen)	28,000	2,871	1,647	13,710	8,180
	Investment ratio (%)	6.0	0.6	0.4	2.9	1.7
	Carrying amount (Millions of yen)	27,301	2,872	1,704	13,890	8,250
	Estimated price at end of period (Millions of yen)	35,900	3,420	2,030	18,100	8,500
Leasing information	Total number of tenants (Note 1)	97	9	9	7	1
	Leasable floor area (m ²)	32,045.25	2,622.42	1,734.68	6,967.61	5,630.17
	Leased floor area (m ²)	31,959.90	2,622.42	1,734.68	6,967.61	5,630.17
	Occupancy rate (%)					
	End of Nov. 2020	96.4	100.0	95.8	100.0	100.0
	End of May 2021	83.4	100.0	100.0	100.0	100.0
	End of Nov. 2021	92.6	100.0	100.0	100.0	100.0
	End of May 2022	99.4	100.0	100.0	100.0	100.0
End of Nov. 2022	99.7	100.0	100.0	100.0	100.0	
Income (loss) information	Number of days of asset management	183	183	183	183	183
	Total property leasing revenue (A) (Thousands of yen)	1,037,751	90,845	46,914	409,629	(Not disclosed)
	Rent revenue – real estate	1,034,497	90,845	46,914	409,629	(Not disclosed)
	Other lease business revenue	3,253	–	–	–	(Not disclosed)
	Total property leasing expenses (B) (Thousands of yen)	443,066	37,293	18,264	104,127	(Not disclosed)
	Consignment expenses	81,383	8,743	4,800	15,049	(Not disclosed)
	Utilities expenses	105,541	8,308	2,999	19,516	(Not disclosed)
	Taxes and dues	103,084	9,459	4,411	40,658	(Not disclosed)
	Non-life insurance expenses	2,428	177	91	439	(Not disclosed)
	Repair expenses	6,070	493	501	7,180	(Not disclosed)
	Depreciation (C)	144,557	10,112	5,460	21,283	(Not disclosed)
	Other lease business expenses	–	–	–	–	(Not disclosed)
	Operating income (loss) from property leasing (D) [(A) – (B)] (Thousands of yen)	594,684	53,551	28,649	305,502	(Not disclosed)
NOI (E) [(D) + (C)] (Thousands of yen)	739,241	63,664	34,110	326,786	158,298	
Capital expenditures (F) (Thousands of yen)	80,052	2,660	994	5,274	3,036	
NCF [(E) – (F)] (Thousands of yen)	659,189	61,004	33,116	321,511	155,262	
Reference information	Expense rate (%) [(B) ÷ (A)]	42.69	41.05	38.93	25.42	(Not disclosed)
	Annual amount of fixed property tax, etc. for fiscal 2022 (Thousands of yen)	201,737	18,731	8,759	80,900	22,539
	Estimated long-term repair expenses (Thousands of yen) (Note 2)	2,001,250	159,500	91,420	252,590	116,090

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Region		Five Central Wards of Tokyo				
Property name		Daiwa Higashi-Nihonbashi	Daiwa Daikanyama (Note 3)	Daiwa Shinjuku West	Daiwa Kanda Mikuracho	Daiwa Kanda East
Acquisition date		June 2016	June 2016	July 2016	Dec. 2016	Jan. 2018
Price information	Acquisition price (Millions of yen)	6,370	2,280	942	1,592	4,200
	Investment ratio (%)	1.4	0.5	0.2	0.3	0.9
	Carrying amount (Millions of yen)	6,191	2,344	984	1,601	4,176
	Estimated price at end of period (Millions of yen)	7,360	3,800	1,320	1,900	5,900
Leasing information	Total number of tenants (Note 1)	5	1	9	6	5
	Leasable floor area (m ²)	5,015.88	1,642.83	1,118.74	1,719.51	3,980.56
	Leased floor area (m ²)	5,015.88	1,642.83	1,118.74	1,457.84	3,980.56
	Occupancy rate (%)					
	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
End of Nov. 2022	100.0	100.0	100.0	84.7	100.0	
Income (loss) information	Number of days of asset management	183	183	183	183	183
	Total property leasing revenue (A) (Thousands of yen)	181,154	(Not disclosed)	37,821	50,081	146,438
	Rent revenue – real estate	181,154	(Not disclosed)	37,821	47,548	146,438
	Other lease business revenue	—	(Not disclosed)	—	2,532	—
	Total property leasing expenses (B) (Thousands of yen)	60,946	(Not disclosed)	13,581	16,698	49,089
	Consignment expenses	7,434	(Not disclosed)	3,301	4,307	11,159
	Utilities expenses	12,501	(Not disclosed)	2,816	2,783	10,508
	Taxes and dues	11,923	(Not disclosed)	3,227	3,624	10,570
	Non-life insurance expenses	285	(Not disclosed)	57	76	200
	Repair expenses	336	(Not disclosed)	1,758	387	602
	Depreciation (C)	28,434	(Not disclosed)	2,419	5,517	16,048
	Other lease business expenses	30	(Not disclosed)	—	—	—
	Operating income (loss) from property leasing (D) [(A) – (B)] (Thousands of yen)	120,208	(Not disclosed)	24,240	33,383	97,348
NOI (E) [(D) + (C)] (Thousands of yen)	148,643	65,393	26,659	38,901	113,396	
Capital expenditures (F) (Thousands of yen)	4,638	140	418	393	3,197	
NCF [(E) – (F)] (Thousands of yen)	144,005	65,253	26,241	38,508	110,199	
Reference information	Expense rate (%) [(B) ÷ (A)]	33.64	(Not disclosed)	35.91	33.34	33.52
	Annual amount of fixed property tax, etc. for fiscal 2022 (Thousands of yen)	23,650	11,629	6,452	7,206	20,870
	Estimated long-term repair expenses (Thousands of yen) (Note 2)	157,360	60,548	59,380	82,871	133,611

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Region		Five Central Wards of Tokyo				
Property name		Daiwa Kandasudacho	Daiwa Sasazuka Tower	Daiwa Sasazuka	Daiwa Harumi	Daiwa Mita 2-Chome (Note 3)
Acquisition date		June 2018 and Nov. 2018	Oct. 2018	Dec. 2018	Feb. 2019	July 2019
Price information	Acquisition price (Millions of yen)	2,295	15,500	3,000	11,200	2,635
	Investment ratio (%)	0.5	3.3	0.6	2.4	0.6
	Carrying amount (Millions of yen)	2,372	15,947	3,219	11,116	1,565
	Estimated price at end of period (Millions of yen)	2,960	16,200	3,680	13,100	4,330
Leasing information	Total number of tenants (Note 1)	7	7	9	7	1
	Leasable floor area (m ²)	2,211.64	16,158.16	3,828.95	11,227.10	2,101.61
	Leased floor area (m ²)	2,211.64	16,158.16	3,828.95	11,227.10	2,101.61
	Occupancy rate (%)					
	End of Nov. 2020	97.6	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
End of Nov. 2022	100.0	100.0	100.0	100.0	100.0	
Income (loss) information	Number of days of asset management	183	183	183	183	183
	Total property leasing revenue (A) (Thousands of yen)	73,993	487,773	100,472	371,195	(Not disclosed)
	Rent revenue – real estate	73,993	487,773	100,472	371,195	(Not disclosed)
	Other lease business revenue	—	—	—	—	(Not disclosed)
	Total property leasing expenses (B) (Thousands of yen)	21,826	257,672	45,518	148,162	(Not disclosed)
	Consignment expenses	5,579	57,137	7,915	31,600	(Not disclosed)
	Utilities expenses	5,019	91,057	13,868	29,675	(Not disclosed)
	Taxes and dues	4,669	55,663	9,160	27,868	(Not disclosed)
	Non-life insurance expenses	96	1,063	196	602	(Not disclosed)
	Repair expenses	296	6,559	2,424	1,659	(Not disclosed)
	Depreciation (C)	6,154	46,190	11,952	36,217	(Not disclosed)
	Other lease business expenses	11	—	—	20,538	(Not disclosed)
	Operating income (loss) from property leasing (D) [(A) – (B)] (Thousands of yen)	52,166	230,100	54,954	223,033	(Not disclosed)
NOI (E) [(D) + (C)] (Thousands of yen)	58,321	276,291	66,906	259,250	78,840	
Capital expenditures (F) (Thousands of yen)	1,762	67,527	42,496	10,523	137	
NCF [(E) – (F)] (Thousands of yen)	56,559	208,763	24,410	248,727	78,703	
Reference information	Expense rate (%) [(B) ÷ (A)]	29.50	52.83	45.30	39.91	(Not disclosed)
	Annual amount of fixed property tax, etc. for fiscal 2022 (Thousands of yen)	9,238	111,273	18,238	55,314	18,253
	Estimated long-term repair expenses (Thousands of yen) (Note 2)	76,730	718,270	129,490	253,020	5,360

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Region		Five Central Wards of Tokyo				Greater Tokyo
Property name		Nihonbashi Central Square	Daiwa Nihonbashi Bakurocho	Daiwa Kandabashi	Kandasudacho 2-Chome Development Site (land) (Note 4)	Daiwa Higashi-Ikebukuro
Acquisition date		May 2020	Land: Nov. 2020 Building: Nov. 2022	Sept. 2021	Dec. 2021	Oct. 2005
Price information	Acquisition price (Millions of yen)	3,521	5,733	1,970	10,600	2,958
	Investment ratio (%)	0.8	1.2	0.4	2.3	0.6
	Carrying amount (Millions of yen)	3,589	5,794	2,042	10,884	2,488
	Estimated price at end of period (Millions of yen)	3,920	6,730	2,110	11,800	4,420
Leasing information	Total number of tenants (Note 1)	9	3	12	—	7
	Leasable floor area (m ²)	1,837.05	3,677.63	1,224.00	—	4,462.28
	Leased floor area (m ²)	1,574.12	3,216.79	1,224.00	—	4,005.91
	Occupancy rate (%)					
	End of Nov. 2020	100.0	—	—	—	100.0
	End of May 2021	100.0	—	—	—	100.0
	End of Nov. 2021	100.0	—	79.2	—	100.0
	End of May 2022	100.0	—	89.6	—	100.0
End of Nov. 2022	85.6	87.4	100.0	—	89.7	
Income (loss) information	Number of days of asset management	183	183	183	183	183
	Total property leasing revenue (A) (Thousands of yen)	84,622	113	39,235	—	125,846
	Rent revenue – real estate	84,622	113	39,235	—	125,846
	Other lease business revenue	—	—	—	—	—
	Total property leasing expenses (B) (Thousands of yen)	26,874	8,735	15,010	—	61,773
	Consignment expenses	5,300	4,068	4,040	—	11,669
	Utilities expenses	7,091	—	3,058	—	15,306
	Taxes and dues	5,867	11	3,159	—	8,447
	Non-life insurance expenses	102	1	55	—	310
	Repair expenses	47	—	614	—	960
	Depreciation (C)	8,446	4,655	3,943	—	25,079
	Other lease business expenses	18	—	139	—	—
	Operating income (loss) from property leasing (D) [(A) – (B)] (Thousands of yen)	57,747	(8,621)	24,225	—	64,073
NOI (E) [(D) + (C)] (Thousands of yen)	66,194	(3,966)	28,168	—	89,152	
Capital expenditures (F) (Thousands of yen)	632	5,280	269	—	2,957	
NCF [(E) – (F)] (Thousands of yen)	65,561	(9,246)	27,899	—	86,194	
Reference information	Expense rate (%) [(B) ÷ (A)]	31.76	7,664.13	38.26	—	49.09
	Annual amount of fixed property tax, etc. for fiscal 2022 (Thousands of yen)	11,686	—	6,318	—	16,825
	Estimated long-term repair expenses (Thousands of yen) (Note 2)	134,280	8,590	34,848	—	294,300

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Region		Greater Tokyo				
Property name		Daiwa Shinagawa North	Daiwa Kamiooka	Daiwa Ogikubo Tower	Daiwa Meguro Square	Daiwa Ogikubo
Acquisition date		July 2007	Mar. 2013	May 2014	May 2015	July 2016
Price information	Acquisition price (Millions of yen)	7,710	2,000	15,220	5,600	3,800
	Investment ratio (%)	1.6	0.4	3.2	1.2	0.8
	Carrying amount (Millions of yen)	6,895	1,756	15,930	5,340	3,961
	Estimated price at end of period (Millions of yen)	6,370	2,970	23,400	7,380	4,970
Leasing information	Total number of tenants (Note 1)	15	9	10	16	11
	Leasable floor area (m ²)	6,546.03	2,630.30	17,778.14	3,519.50	3,849.63
	Leased floor area (m ²)	6,546.03	2,630.30	17,778.14	3,519.50	3,849.63
	Occupancy rate (%)					
	End of Nov. 2020	100.0	100.0	100.0	100.0	100.0
	End of May 2021	95.2	100.0	94.2	100.0	100.0
	End of Nov. 2021	95.2	100.0	94.2	94.1	100.0
End of May 2022	95.2	100.0	100.0	100.0	100.0	
End of Nov. 2022	100.0	100.0	100.0	100.0	100.0	
Income (loss) information	Number of days of asset management	183	183	183	183	183
	Total property leasing revenue (A) (Thousands of yen)	201,036	92,682	676,260	164,071	131,217
	Rent revenue – real estate	201,036	92,682	676,260	164,071	131,217
	Other lease business revenue	—	—	—	—	—
	Total property leasing expenses (B) (Thousands of yen)	99,663	43,367	311,668	60,920	40,782
	Consignment expenses	19,311	5,803	53,458	12,510	10,988
	Utilities expenses	21,640	12,455	76,450	10,146	6,282
	Taxes and dues	19,167	6,415	44,467	14,072	8,414
	Non-life insurance expenses	458	160	1,171	231	198
	Repair expenses	2,532	315	3,966	239	2,795
	Depreciation (C)	36,553	18,217	131,973	23,720	12,093
	Other lease business expenses	—	—	180	—	8
Operating income (loss) from property leasing (D) [(A) – (B)] (Thousands of yen)	101,373	49,315	364,592	103,150	90,435	
NOI (E) [(D) + (C)] (Thousands of yen)	137,926	67,532	496,565	126,871	102,528	
Capital expenditures (F) (Thousands of yen)	9,751	4,839	83,388	2,108	5,574	
NCF [(E) – (F)] (Thousands of yen)	128,175	62,693	413,177	124,763	96,954	
Reference information	Expense rate (%) [(B) ÷ (A)]	49.57	46.79	46.09	37.13	31.08
	Annual amount of fixed property tax, etc. for fiscal 2022 (Thousands of yen)	37,673	12,831	88,228	27,861	16,750
	Estimated long-term repair expenses (Thousands of yen) (Note 2)	441,710	63,700	575,795	122,800	121,620

Region		Greater Tokyo			Major Regional Cities
Property name		CONCURRED Yokohama	Daiwa Shinagawa Gotenyama	Daiwa Nakano- Sakaue	Daiwa Kitahama
Acquisition date		Jan. 2018	Sept. 2018	Dec. 2019	Aug. 2014
Price information	Acquisition price (Millions of yen)	38,100	2,500	2,750	9,481
	Investment ratio (%)	8.1	0.5	0.6	2.0
	Carrying amount (Millions of yen)	37,478	2,614	2,952	8,868
	Estimated price at end of period (Millions of yen)	41,700	2,890	2,700	13,600
Leasing information	Total number of tenants (Note 1)	37	6	6	7
	Leasable floor area (m ²)	28,052.98	2,396.96	2,716.92	13,517.62
	Leased floor area (m ²)	28,052.98	2,396.96	2,716.92	13,517.62
	Occupancy rate (%)				
	End of Nov. 2020	99.7	100.0	100.0	100.0
	End of May 2021	99.0	100.0	100.0	100.0
	End of Nov. 2021	98.4	100.0	100.0	100.0
	End of May 2022	100.0	100.0	100.0	100.0
End of Nov. 2022	100.0	100.0	100.0	100.0	
Income (loss) information	Number of days of asset management	183	183	183	183
	Total property leasing revenue (A) (Thousands of yen)	1,052,219	79,547	69,658	414,326
	Rent revenue – real estate	1,052,219	79,547	69,658	414,326
	Other lease business revenue	–	–	–	–
	Total property leasing expenses (B) (Thousands of yen)	346,104	23,503	33,100	168,872
	Consignment expenses	55,736	5,226	7,164	27,471
	Utilities expenses	107,122	4,473	6,321	46,904
	Taxes and dues	58,531	5,660	7,221	35,268
	Non-life insurance expenses	936	122	166	811
	Repair expenses	5,092	2,686	513	919
	Depreciation (C)	118,684	5,334	11,699	57,443
	Other lease business expenses	–	–	12	53
	Operating income (loss) from property leasing (D) [(A) – (B)] (Thousands of yen)	706,115	56,044	36,558	245,453
	NOI (E) [(D) + (C)] (Thousands of yen)	824,800	61,378	48,257	302,896
Capital expenditures (F) (Thousands of yen)	28,268	23,617	40,619	4,091	
NCF [(E) – (F)] (Thousands of yen)	796,532	37,760	7,638	298,804	
Reference information	Expense rate (%) [(B) ÷ (A)]	32.89	29.55	47.52	40.76
	Annual amount of fixed property tax, etc. for fiscal 2022 (Thousands of yen)	117,064	11,274	14,172	70,537
	Estimated long-term repair expenses (Thousands of yen) (Note 2)	718,980	102,564	193,251	275,080

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