

Summary of Financial Results for the 5th Fiscal Period Ended January 31, 2024 (REIT)

March 15, 2024

REIT Securities Issuer	Tokaido REIT, Inc.	Listed Stock Exchange	Tokyo Stock Exchange
Securities Code	TSE 2989	URL	https://www.tokaido-reit.co.jp/en/
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Scheduled Date of Filing Securities Report	April 26, 2024	Scheduled Date for Commencement of Cash Distribution	April 24, 2024

Supplemental Information for Financial Statements: Scheduled
Investor Meeting Presentation: Scheduled

(for institutional investors and analysts)

(Values are rounded down to the nearest million JPY.)

1. Status of operations and assets for the Fiscal period ended January 2024 (from August 1, 2023 to January 31, 2024)

(1) Operating Results

(% represents the change from the previous fiscal year)

	Operating revenue		Operating profit		Ordinary profit		Net profit	
Fiscal period ended	million JPY	%	million JPY	%	million JPY	%	million JPY	%
01/31/2024	1,640	1.5	949	(1.8)	813	0.3	812	0.3
07/31/2023	1,616	40.9	966	52.2	811	42.7	810	42.7

	Net profit per investment unit	Net profit to net assets (ROE)	Ratio of ordinary profits to total assets	Ratio of ordinary profits to operating revenue
Fiscal period ended	JPY	%	%	%
01/31/2024	3,351	3.2	1.6	49.6
07/31/2023	3,341	3.8	1.9	50.2

(2) Distributions

	Distributions per unit (excluding surplus cash distributions)	Total distributions (excluding surplus cash distributions)	Surplus cash distributions per unit	Total surplus cash distributions	Payout ratio	Ratio of distributions to net assets
Fiscal period ended	JPY	million JPY	JPY	million JPY	%	%
01/31/2024	3,351	812	-	-	100.0	3.3
07/31/2023	3,342	810	-	-	100.0	3.3

(3) Financial position

	Total assets	Net assets	Net assets to total assets (equity ratio)	Net assets per unit
Fiscal period ended	million JPY	million JPY	%	JPY
01/31/2024	49,607	25,039	50.5	103,254
07/31/2023	50,037	25,036	50.0	103,245

(4) Cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the period
Fiscal period ended	million JPY	million JPY	million JPY	million JPY
01/31/2024	1,327	(115)	(1,309)	2,740
07/31/2023	842	(13,772)	13,656	2,838

2. Operating forecast for the fiscal period ending July 2024 (from February 1, 2024 to July 31, 2024)
and the fiscal period ending January 2025 (from August 1, 2024 to January 31, 2025)

(% represents the change from the previous fiscal year)

	Operating revenue		Operating profit		Ordinary profit		Net profit		Distributions per unit (excluding surplus cash distributions)	Surplus cash distributions per unit
Fiscal period ended	million JPY	%	million JPY	%	million JPY	%	million JPY	%	JPY	JPY
07/31/2024	1,907	16.2	1,079	13.7	907	11.5	906	11.5	3,255	-
01/31/2025	1,933	1.4	1,065	(1.4)	941	3.8	940	3.8	3,380	-

(Reference) Forecast net profit per unit (forecast net profit divided by the forecast total number of investment units issued and outstanding at end of period)

(Fiscal period ending July 2024) 3,255 JPY, (Fiscal period ending January 2025) 3,380 JPY

(Note) The distributions per unit (excluding surplus cash distributions) for the fiscal period ending July 2024 and the fiscal period ending January 2025 were calculated based on a forecast total of 278,400 investment units issued and outstanding at end of the respective periods.

* Other

(1) Changes in accounting policies, changes in accounting estimates and restatements

(A) Changes in accounting policies due to revision of accounting standards	None
(B) Changes in accounting policies due to reasons other than (A)	None
(C) Changes in accounting estimates	None
(D) Restatements	None

(2) Total number of investment units issued and outstanding at present

(A) Total number of investment units issued at the end of each period (including treasury investment units)

As of January 31, 2024 (5th Fiscal Period): 242,500 units

As of July 31, 2023 (4th Fiscal Period): 242,500 units

(B) Total number of treasury investment units issued and outstanding at the end of each period

As of January 31, 2024 (5th Fiscal Period): 0 units

As of July 31, 2023 (4th Fiscal Period): 0 units

* This summary report of financial results is not subject to audit by certified public accountants or external audit procedure.

* Special remarks

The forward-looking statements in this report concerning operating forecasts are based on information currently available to Tokaido REIT and forecasts based on certain assumptions deemed reasonable at the time of the preparation of this report. Accordingly, due to various factors, actual operating conditions may differ significantly from these forecasts. In addition, the forecasts are not a guarantee of the amounts of distributions.

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1. Operations

(1) Operations

(Overview for the fiscal period)

(A) Main trends related to Tokaido REIT

Tokaido REIT, Inc. (hereinafter the “Tokaido REIT”) is an investment corporation established on February 1, 2021, by Tokaido REIT Management Co., Ltd. (hereinafter the “Asset Manager”), based on the Act on Investment Trusts and Investment Corporations (Act No. 198 of the year 1951, as amended, hereinafter the “Investment Trust Act”). It was established with 200 million JPY in unitholders' capital (2,000 units). On February 24, 2021, it was registered with the Kanto Local Finance Bureau following Article 187 of the Investment Trust Act (Registration Number: No. 152 of Director-General of the Kanto Local Finance Bureau).

Tokaido REIT issued new investment units (11,940 units) through a private placement with a stock payment date of March 29, 2021, and then additional new investment units (162,860 units) through a public offering with a stock payment date of June 21, 2021. On June 22, 2021, Tokaido REIT was listed on the Real Estate Investment Trust Securities Market of Tokyo Stock Exchange, Inc. (Securities Code: TSE 2989).

During the 4th fiscal period, Tokaido REIT issued new investment units (65,700 units) through a public offering with a stock payment date of February 1, 2023.

As a result, as of the end of the 5th fiscal period (January 31, 2024), 242,500 investment units have been issued.

Tokaido REIT is a real estate investment corporation focusing on investing in real estate assets in the Tokaido region (Note 1) and the Tokaido vicinity (Note 2). In 2023, over 60 percent of the Japan's GDP was generated in the Tokaido region, which connects hub cities between East Japan and West Japan. Tokaido REIT invests in real estate assets in the area with the support of the area's strong economy. Tokaido REIT aims to improve the unitholder value while contributing to further revitalizing regional economies and developing industries. Tokaido REIT focuses on investing in assets located in the vicinity of the Tokaido region as well as core investments in the industry areas around Shizuoka across the prefectural borders (this sentence refers to these three prefectures: Shizuoka, Aichi, and Mie. The same applies hereinafter.) (Note 3) In addition, Tokaido REIT has sponsors, including industrial, logistics, infrastructure, and financial and real estate companies operating in the Tokaido region, mainly in Shizuoka Prefecture. Tokaido REIT aims to maximize the unitholder value by utilizing each sponsor's knowledge and networks regarding real estate assets and their specific areas of industry.

(Note 1) The “Tokaido region” refers to Shizuoka, Aichi, Mie, Tokyo, Kanagawa, Gifu, Shiga, Kyoto, and Osaka Prefectures.

(Note 2) The “Tokaido vicinity” refers to Chiba, Saitama, Yamanashi, Nagano, Hyogo, Nara, and Wakayama Prefectures, which are adjacent to the Tokaido region.

(Note 3) As Yoshicon Co., Ltd. (TSE:5280, hereinafter occasionally referred to as “Yoshicon”), the main sponsor of Tokaido REIT, is based in Shizuoka Prefecture, and Tokaido REIT also places particular focus on Shizuoka Prefecture in its investment, “industrial region with Shizuoka at the core” is used as a term collectively referring to Shizuoka, Aichi and Mie prefectures.

(B) Operating environment

During the 5th fiscal period, Japan's economy has seen a slowdown in the recovery trend that was present until the previous period, with the GDP growth rate turning negative from July to December 2023. However, the unemployment rate has decreased, and personal consumption is showing signs of recovery, indicating progress towards economic normalization. The trends of business of tenants in hotels and urban commercial facilities in Central Tokyo are moving in the direction of recovery. Additionally, the vacancy rate of office assets in Tokyo has shifted from the rising trend observed in the previous period to a decrease, and, accordingly, rent levels are also rising.

Following the latter half of the previous period, there has been an ongoing decline in Japanese domestic companies' capital investments. However, the volume of exports to overseas has seen an uptick, and the overall corporate earnings in Japan are at a high level. Despite a stagnant recovery pace in the global economy, the continuous high inflation rates in Europe and the United States have led to increased future uncertainties. Furthermore, the direction of interest rate cuts by the major countries' central banks remains unclear.

Against this backdrop, the Tokyo Stock Exchange REIT Index has fallen to 1,798.71 points on January 31, 2024, from 1,877.19 points on July 31, 2024. The index decreased approximately 78 points during the current (5th) fiscal period.

Under this economic environment, we expect that assets will be categorized into two groups of income-generating assets where one group of the assets stays at the same level of rent fee and occupancy rate, and the other does not. As given, Tokaido REIT strives to secure stable revenue cash flows in the mid and long term by investing in assets considered able to generate stable cash flows and performing appropriate operation management and leasing policies among industrial infrastructure assets

and community infrastructure assets that support companies running businesses and people living in the Tokaido region where Tokaido REIT's primary investment scope is focused. (Hereinafter, the industrial infrastructure assets point to logistics facilities used by companies as their industrial or business bases or land used for such facilities. On the other hand, the community infrastructure assets point to residential properties, land for residential property, and other assets used for sales and distribution of daily necessities.)

(C) Operations

Tokaido REIT possesses 12 assets under management at the end of the 5th fiscal period with a total acquisition price (*Note) of 45,192 million JPY.

With the 12 assets up to the 5th fiscal period, Tokaido REIT has managed the total leasable area of 298,768.13 square meters and the total leased area of 297,546.03 square meters. Accordingly, the occupancy rate is 99.6%.

(Note) The "acquisition price" indicates the sale and purchase prices (excluding consumption tax, local consumption tax, brokerage commission, and other various expenses) in the sale and purchase agreements for the owned properties.

(D) Funded status

(Equity finance)

N/A

(Debt finance)

During the 5th fiscal period, Tokaido REIT made early repayment of funds (500 million JPY) in November 2023, and refinanced existing borrowings (4,000 million JPY) in January 2024.

As a result, the balance of loans at the end of the 5th fiscal period (January 31, 2024) was 22,900 million JPY, and the loan-to-value ratio (hereinafter "the LTV") was 46.2%.

(E) Summary of performance

As a result of the operations above, operating revenue was 1,640 million JPY, operating profit was 949 million JPY, ordinary profit was 813 million JPY, and net profit was 812 million JPY. Following Tokaido REIT's policy on the distribution of cash (Article 25 of the Articles of Incorporation), Tokaido REIT intends to include the maximum value of distributed profits in expenses by applying special provisions for taxation on investment corporations (Article 67-15 of the Act on Special Measures Concerning Taxation (Act No. 26 of 1957, as amended)). The total amount of unappropriated income for the 4th fiscal period, excluding distributions of less than one JPY per investment unit, was set to 812,717,588 JPY. Hence, distributions per investment unit amounted to 3,351 JPY.

(Outlook for the next fiscal period)

(A) Outlook for operations as a whole

(a) External growth strategy

Tokaido REIT has nine sponsor companies. Those consist of industrial companies, logistics companies, infrastructure companies, and financial and real estate companies. Those companies operate mainly in Shizuoka Prefecture and support the region, one of Japan's concentrated industrial clusters. This framework backs the growth of Tokaido REIT by leveraging each sponsor company's strengths.

Among Tokaido REIT's sponsors, Yoshicon, an industrial sponsor, is the primary sponsor. The sponsor offers support mainly for the external growth of Tokaido REIT by providing Tokaido REIT and the Asset Manager with preferential property information negotiation rights, and warehousing functions. Furthermore, Tokaido REIT and the Asset Manager can also receive selling information regarding properties owned by third parties from the other eight sponsors. Those eight sponsors are, respectively: A) Industrial sponsor companies: Kiuchi Construction Co., Ltd. and JDC Corporation; B) Logistics sponsor companies: Suzuyo & Co., Ltd. and Seiwa Kaiun Co., Ltd.; C) Infrastructure sponsor companies: Shizuoka Gas Co., Ltd.; D) Financial and real estate sponsor companies: Shizuoka Fudosan K.K.

Those eight sponsors are respectively (A) industrial sponsor companies: Kiuchi Construction Co., Ltd. and JDC Corporation, (B) logistics sponsor companies: Suzuyo & Co., Ltd. and Seiwa Kaiun Co., Ltd., (C) infrastructure sponsor companies: Shizuoka Gas Co., Ltd., and (D) financial and real estate sponsor companies: Shizuoka Fudosan K.K.

Tokaido REIT aims to expand its asset size while leveraging the sponsor companies' support and using the Asset Manager's exclusive information.

(b) Internal growth strategy

Among Tokaido REIT's sponsors, Yoshicon, an industrial company, provides Tokaido REIT and the Asset Manager with property management operations, leasing, and other support for internal growth. Tokaido REIT and the Asset Manager can also receive support for the internal growth from the other eight sponsors (listed in (a) External growth strategy) along with Yoshicon.

Tokaido REIT aims to improve the stability of its revenue stream and maximize its earning power of the unitholder value by performing appropriate asset management as an Asset Manager while leveraging the support of our sponsor companies.

(c) Financial strategy

Tokaido REIT drives to achieve continuous growth by issuing new investment units in line with the external growth to build an asset management platform with medium- and long-term stability and improve the efficiency of our asset management and financial performance. In this viewpoint, for issuing the new investment units, Tokaido REIT comprehensively takes into account the profitability of assets under management, the timing of asset acquisition, LTV standards, interest-bearing debt repayment plans, and the like, applying a wide range of perspectives. Moreover, Tokaido REIT considers investment unit prices and each unitholder's decline in proportional shares (dilution of shares) that results from the new investment units' issuance while deciding based on current financial and real estate market conditions.

Tokaido REIT also adjusts its ratio of fixed and variable interest rates based on the interest rates of the financial market. In its borrowings, Tokaido REIT makes an effort to lower refinancing risk by diversifying repayment dates, using long repayment periods, and reducing and fixing loan interest rates.

(B) Important matters which occurred following the settlement of accounts

(a) Issuance of new investment units

Tokaido REIT has conducted the issuance of new investment units, with the payment completed on February 1, 2024, following the resolutions of the Investment Corporation's Board of Directors meetings held on January 17 and January 25, 2024. As a result, unitholders' capital has been 28,424 million JPY, and the total number of investment units issued and outstanding has been 278,400 units.

Public offering of new investment units

Number of New Investment Units Issued	35,900 units
Issue Price	21,546 JPY per unit
Total Issue Price	4,363,501,400 JPY
Issue Amount	116,933 JPY per unit
Total Issue Amount	4,197,894,700 JPY
Payment Due Date	February 1, 2024

(b) Acquisition of Assets

Tokaido REIT has acquired the following domestic real estate properties and real estate trust beneficiary interests on February 2, 2024.

Property code	Property name	Location	Acquisition price (Note 1)	Appraisal value (Note 2)
IL-2	Kakamigahara Industrial Center Center (land)	Kakamigahara City, Gifu Prefecture	1,688	1,800
RE-5	Socio Anjo Toeicho Building B	Anjo City, Aichi Prefecture	683	778
RE-6	Premium Castle Komaki Chuo	Komaki City, Aichi Prefecture	500	520
RE-7	Premium Castle Toyoyama	Nishikasugai Gun, Aichi Prefecture	510	553
RE-8	Socio Kariya Imaokacho	Kariya City, Aichi Prefecture	1,134	1,180
RE-9	Premium Castle Mikawa Anjo	Anjo City, Aichi Prefecture	510	524
RE-10	Premium Castle Narumi	Nagoya City, Aichi Prefecture	655	716
RE-11	Premium Castle Arimatsu	Nagoya City, Aichi Prefecture	565	586
RE-12	Premium Castle Tsurumai	Nagoya City, Aichi Prefecture	1,020	1,130
RE-13	Premium Castle Ruriko East West	Nagoya City, Aichi Prefecture	544	625
Total			7,809	8,412

(Note 1) "Acquisition price" indicates the sale and purchase price (excluding consumption tax, local consumption tax, brokerage commission, and other various expenses required in acquisition) stated in the real estate trust beneficiary interests purchase agreement for each investment asset, rounded down to the nearest million JPY.

(Note 2) "Appraisal value" refers to the amount of appraisal values noted in each real estate appraisal report as of November 30, 2023. The appraisal for the above 10 properties was commissioned to The Tanizawa Sōgō Appraisal Co., Ltd., Japan Valuers Co., Ltd., and Richi Appraisal Institute Co., Ltd.

(c) Borrowing of funds and repayment of loans

Tokaido REIT has executed the borrowing of funds (totaling 44 billion yen) on February 2, 2024, to allocate to the acquisition funds for the “Kakamigahara Industrial Center (land)” and other 10 properties as listed in “(B) Acquisition of Assets.” Furthermore, it plans to execute the borrowing of funds (totaling 28 billion yen) on June 23, 2024, to allocate to the repayment funds of Series 1-B, whose repayment deadline is due on June 23, 2024.

(Unit: million JPY)

Category	Lender	Borrowing amount	Interest rate	Repayment date	Repayment date	Repayment method	Security
Long-term borrowing	A syndicate of lenders arranged by Mizuho Bank, Ltd., and Shizuoka Bank, Ltd. (Note 4)	2,800	0.50%	June 23, 2024	June 23, 2027	Lump-sum repayment on maturity	Unsecured / unguaranteed
Short-term borrowing	Mizuho Bank, Ltd., and Shizuoka Bank, Ltd.	200	0.20%	February 2, 2024	January 31, 2025		
Long-term borrowing	A syndicate of lenders arranged by Mizuho Bank, Ltd., and Shizuoka Bank, Ltd. (Note 5)	1,900	0.50%	February 2, 2024	January 31, 2027		
Long-term borrowing	A syndicate of lenders arranged by Mizuho Bank, Ltd., and Shizuoka Bank, Ltd. (Note 6)	2,300	0.55%	February 2, 2024	June 23, 2027		

(Note 1) “Short-term borrowings” refers to borrowings for a period from the drawdown date to the maturity date of one year or less. “Long-term borrowings” refers to borrowings for a period from the drawdown date to the maturity date of more than one year. The same shall apply hereinafter.

(Note 2) The base rate applicable to the calculation period for the interest payable on each interest payment date will be decided two business days prior to the immediately preceding interest payment date (drawdown date for the first interest calculation period). For the JBA Japanese JPY TIBOR, please check the website of JBA TIBOR Administration. <https://www.jbatibor.or.jp/rate>

(Note 3) If the said date falls on a non-business day, it will be moved to the next business day. If such business day falls in the following month, it will be adjusted to the last business day of the previous month.

(Note 4) The syndicated loan group is comprised of Mizuho Bank, Ltd., The Shizuoka Bank, Ltd., Sumitomo Mitsui Banking Corporation, San ju San Bank, Ltd., Aichi Bank, Ltd., Suruga Bank Ltd., The Nishi-Nippon City Bank, Ltd., The Yamanashi Chuo Bank, Ltd., Resona Bank, Limited.

(Note 5) The syndicated loan group is comprised of Mizuho Bank, Ltd., The Shizuoka Bank, Ltd., Resona Bank, Limited., SBI Shinsei Bank, Ltd., MUFG Bank, Ltd. and Kansai Mirai Bank, Ltd.

(Note 6) The syndicated loan group is comprised of Mizuho Bank, Ltd., The Shizuoka Bank, Ltd., Suruga Bank Ltd., Resona Bank, Limited., SBI Shinsei Bank, Ltd., MUFG Bank, Ltd. and Kansai Mirai Bank, Ltd.

(C) Operating forecasts

Below are the operating forecasts for Tokaido REIT for the fiscal period ending July 2024 (from February 1, 2024 to July 31, 2024) and the fiscal period ending July 2024 (from August 1, 2024 to January 31, 2025).

	Operating revenue	Operating profit	Ordinary profit	Net profit	Distributions per unit (excluding surplus cash distributions)	Surplus cash distributions per unit
Fiscal Period ending	million JPY	million JPY	million JPY	million JPY	JPY	JPY
07/31/2024	1,907	1,079	907	906	3,255	-
01/31/2025	1,933	1,065	941	940	3,380	-

Please refer to “Assumptions Underlying the Operating Forecasts for the Fiscal Period Ending July 2024 (from February 1, 2024 to July 31, 2024) and the Fiscal Period Ending January 2025 (from August 1, 2024 to January 31, 2025)” for information regarding the assumptions underlying these operating forecasts.

(Note) The above forecast figures are the current forecasts calculated based on certain assumptions. Accordingly, differences from the assumptions may arise due to various factors. As a result, the actual operating revenue, operating profit, ordinary profit, net profit, distributions per unit, and surplus cash distributions may vary. The forecasts are not a guarantee of the amounts of distributions.

2. Financial Statements

(1) Balance Sheets

(Unit: thousand JPY)

	Previous (4 th) Fiscal Period As of July 31, 2023	Current (5 th) Fiscal Period As of January 31, 2024
Assets		
Current assets		
Cash and deposits	943,046	826,640
Cash and deposits in trust	1,895,025	1,914,284
Operating accounts receivable	84,706	61,955
Prepaid expenses	68,053	122,181
Consumption tax receivable, etc.	342,447	-
Other	207	30
Total current assets	3,333,487	2,925,091
Non-current assets		
Tangible non-current assets		
Buildings	1,638,718	1,638,718
Accumulated depreciation	(72,766)	(92,361)
Buildings (net)	1,565,951	1,546,356
Structures	65,164	65,164
Accumulated depreciation	(963)	(1,519)
Structures (net)	64,200	63,644
Equipment	1,404	1,404
Accumulated depreciation	(718)	(871)
Equipment (net)	686	532
Land	2,601,029	2,601,029
Buildings in trust	11,768,451	11,927,396
Accumulated depreciation	(461,632)	(604,756)
Buildings in trust (net)	11,306,819	11,322,640
Structures in trust	313,829	319,889
Accumulated depreciation	(16,202)	(21,602)
Structures in trust (net)	297,626	298,287
Equipment in trust	45,023	46,525
Accumulated depreciation	(6,995)	(10,825)
Equipment in trust (net)	38,028	35,699
Land in trust	28,337,115	28,337,341
Total tangible non-current assets	44,211,457	44,205,531
Intangible non-current assets		
Leasehold rights in trust	2,076,544	2,076,544
Total intangible non-current assets	2,076,544	2,076,544
Investments and other assets		
Investment security	-	-
Long-term prepaid expenses	83,617	71,037
Security and guarantee deposits	313,063	313,063
Deferred tax assets	11	14
Total investments and other assets	396,692	384,115
Total tangible non-current assets	46,684,694	46,666,191
Deferred assets		
Investment unit issuance expenses	19,730	15,784
Total deferred assets	19,730	15,784
Total assets	50,037,911	49,607,068

(Unit: thousand JPY)

	Previous (4 th) Fiscal Period As of July 31, 2023	Current (5 th) Fiscal Period As of January 31, 2024
Liabilities		
Current liabilities		
Operating accounts payable	265,642	239,908
Short-term borrowings	500,000	-
Long-term borrowings maturing in one year or less	6,800,000	2,800,000
Accounts payable-other	139,161	136,721
Accrued income taxes	678	914
Accrued consumption taxes, etc.	-	62,406
Accrued expenses	8,548	7,090
Advances received	230,488	212,637
Deposits	609	942
Total current liabilities	7,945,128	3,460,620
Non-current liabilities		
Long-term borrowings	16,100,000	20,100,000
Security and guarantee deposits received	81,835	93,176
Security and guarantee deposits in trust received	873,960	914,033
Total non-current liabilities	17,055,795	21,107,209
Total liabilities	25,000,924	24,567,829
Net assets		
Investor capital		
Unitholders' capital	24,226,520	24,226,520
Retained earnings		
Unappropriated retained earnings	810,466	812,717
Total retained earnings	810,466	812,717
Total investor capital	25,036,987	25,039,238
Total net assets	※1 25,036,987	25,039,238
Total liabilities and net assets	50,037,911	49,607,068

(2) Statements of Income

(Unit: thousand JPY)

	Previous (4 th) Fiscal Period As of July 31, 2023	Current (5 th) Fiscal Period As of January 31, 2024
Operating revenue		
Leasing business revenue	※1 1,578,160	1,608,200
Other leasing business revenue	※1 38,351	32,368
Dividend income	452	-
Total operating revenue	1,616,964	1,640,569
Operating expenses		
Rental business expenses	※1 489,947	519,762
Asset management fees	97,776	99,137
Asset custody fees	1,578	1,990
Administrative service fees	10,319	14,949
Directors' compensation	2,400	2,400
Audit fees	7,275	7,695
Other operating expenses	40,744	45,307
Total operating expenses	650,041	691,243
Operating profit	966,923	949,325
Non-operating income		
Interest income	10	13
Interest on refunds	107	194
Total non-operating income	117	207
Non-operating expenses		
Interest expenses	67,977	77,098
Financing fees	83,890	54,889
Depreciation of investment unit issuance expenses	3,946	3,946
Total non-operating expenses	155,814	135,934
Ordinary profit	811,225	813,599
Net profit before taxes	811,225	813,599
Income taxes-current	851	916
Income taxes-deferred	1	(3)
Total income taxes	853	913
Net profit	810,372	812,685
Retained earnings brought forward	94	31
Unappropriated retained earnings	810,466	812,717

(3) Statement of Changes in Net Assets

Previous period (from February 1, 2023 to July 31, 2023)

(Unit: thousands JPY)

	Unitholders' equity				Total net assets
	Unitholders' capital	Surplus		Total unitholders' equity	
		Retained earnings	Total surplus		
Balance at the beginning of the period	17,028,560	567,799	567,799	17,596,359	17,596,359
Changes of items during the period					
Issuance of new investment units	7,197,960	-	-	7,197,960	7,197,960
Distributions of retained earnings	-	(567,704)	(567,704)	(567,704)	(567,704)
Net income	-	810,372	810,372	810,372	810,372
Total changes of items during the period	7,197,960	242,667	242,667	7,440,628	7,440,628
Balance at the end of the period	※ 1 24,226,520	810,466	810,466	25,036,987	25,036,987

Current period (from August 1, 2023 to January 31, 2024)

(Unit: thousands JPY)

	Unitholders' equity				Total net assets
	Unitholders' capital	Surplus		Total unitholders' equity	
		Retained earnings	Total surplus		
Balance at the beginning of the period	24,226,520	810,466	810,466	25,036,987	25,036,987
Changes of items during the period					
Issuance of new investment units	-	-	-	-	-
Distributions of retained earnings	-	(810,435)	(810,435)	(810,435)	(810,435)
Net income	-	812,685	812,685	812,685	812,685
Total changes of items during the period	-	2,250	2,250	2,250	2,250
Balance at the end of the period	24,226,520	812,717	812,717	25,039,238	25,039,238

(4) Statement of Cash Distributions

(Unit: JPY)

	Previous period from February 1, 2023 to July 31, 2023	Current period from August 1, 2023 to January 31, 2024
I. Retained earnings at end of period	810,466,709	812,717,588
II. Distributions in excess of retained earnings (Distributions per unit)	810,435,000 (3,342)	812,617,500 (3,351)
III. Retained earnings carried forward	31,709	100,088

Calculation method for distributions	<p>In accordance with the policy for the distribution of funds in Article 25, Paragraph 1 of the Investment Corporation's regulations, the amount of distribution is limited to the amount of profit and is set to exceed 90% of the distributable profit amount of the Investment Corporation as stipulated in Article 67-15 of the Act on Special Measures Concerning Taxation. Following this policy, we have decided to distribute 810,435,000 JPY as profit distribution, which is the maximum amount not exceeding the current undistributed profit and is a multiple of the total number of issued investment units, 242,500 units.</p> <p>Furthermore, the distribution of funds exceeding the profit will not be conducted, as stipulated in Article 25, Paragraph 2 of the Investment Corporation's regulations.</p>	<p>In accordance with the policy for the distribution of funds in Article 25, Paragraph 1 of the Investment Corporation's regulations, the amount of distribution is limited to the amount of profit and is set to exceed 90% of the distributable profit amount of the Investment Corporation as stipulated in Article 67-15 of the Act on Special Measures Concerning Taxation. Following this policy, we have decided to distribute 812,617,500 JPY as profit distribution, which is the maximum amount not exceeding the current undistributed profit and is a multiple of the total number of issued investment units, 242,500 units.</p> <p>Furthermore, the distribution of funds exceeding the profit will not be conducted, as stipulated in Article 25, Paragraph 2 of the Investment Corporation's regulations.</p>
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(5) Statement of Cash Flows

(Unit: thousand JPY)

	Previous period from February 1, 2023 to July 31, 2023	Current period from August 1, 2023 to January 31, 2024
Cash flows from operating activities		
Net profit before taxes	811,225	813,599
Depreciation	162,829	172,658
Depreciation of investment unit issuance expenses	3,946	3,946
Interest income	(10)	(13)
Interest expenses	67,977	77,098
Net decrease (increase) in operating accounts receivable	(42,819)	22,750
Net decrease (increase) in prepaid expenses	(21,366)	(54,127)
Net decrease (increase) in consumption tax receivable	(281,202)	342,447
Net decrease (increase) in long-term prepaid expenses	(37,504)	12,580
Net increase (decrease) in operating accounts payable	132,740	(25,935)
Net increase (decrease) in accounts payable-other	50,671	(3,386)
Net increase (decrease) in accrued consumption taxes	(6,886)	62,406
Net increase (decrease) in advances received	71,640	(17,851)
Net increase (decrease) in deposits received	(391)	333
Other	1,375	(106)
Subtotal	912,226	1,406,399
Interest income received	10	13
Interest expenses paid	(69,020)	(78,556)
Income taxes	(265)	(500)
Cash flows from operating activities	842,951	1,327,355
Cash flows from investing activities		
Purchase of tangible non-current assets	(7,982)	-
Purchase of tangible non-current assets in trust	(14,145,948)	(166,531)
Proceeds from redemption of investment securities	101,260	-
Repayments of security and guarantee deposits received	(1,208)	(793)
Security and guarantee deposits	13,254	12,134
Repayments of security and guarantee deposits in trust received	(20,038)	(4,914)
Proceeds from security and guarantee deposits in trust received	288,411	45,090
Cash flows from investing activities	(13,772,251)	(115,014)
Cash flows from financing activities		
Proceeds from short-term loans	500,000	-
Repayments of short-term borrowings	(750,000)	(500,000)
Proceeds from long-term loans	10,500,000	4,000,000
Repayments of long-term borrowings	(3,200,000)	(4,000,000)
Revenue from the issuing of investment units	7,197,960	-
Investment unit issuance expenses	(23,676)	-
Distributions paid	(567,735)	(809,488)
Cash flows from financing activities	13,656,548	(1,309,488)
Net increase (decrease) in cash and cash equivalents	727,247	(97,146)
Cash and cash equivalents at the beginning of the period	2,110,823	2,838,071
Cash and cash equivalents at the end of the period	※1 2,838,071	2,740,924

3. Reference Information

(1) Information Regarding the Prices of Assets Under Management, etc.

(A) Investment

Type of asset	Use (Note 1)	Geographic area (Note 2)	Previous (4 th) Fiscal Period As of July 31, 2023		Current (5 th) Fiscal Period As of January 31, 2024	
			Total value of assets held (million JPY) (Note 3)	Ratio to all assets (%) (Note 4)	Total value of assets held (million JPY) (Note 3)	Ratio to all assets (%) (Note 4)
Real estate	Industrial infrastructure assets	Tokaido region	3,059	6.1	3,048	6.1
		Tokaido vicinity	-	-	-	-
	Community infrastructure assets	Tokaido region	1,172	2.3	1,163	2.3
		Tokaido vicinity	-	-	-	-
Total real estate			4,231	8.5	4,211	8.5
Real estate in trust	Industrial infrastructure assets	Tokaido region	19,321	38.6	19,362	39.0
		Tokaido vicinity	-	-	-	-
	Community infrastructure assets	Tokaido region	22,734	45.4	22,707	45.8
		Tokaido vicinity	-	-	-	-
Total real estate in trust			42,056	84.0	42,070	84.8
Investment securities			-	-	-	-
Deposits and other assets			3,749	7.5	3,324	6.7
Total assets			50,037	100.0	49,607	100.0

(Note 1) “Industrial infrastructure assets” refers to logistics facilities and facilities utilized by companies as industrial or business bases, and land used for such facilities. “Community infrastructure assets” refers to residential properties and land of such, and land and other assets used for distribution or sale of daily necessities.

(Note 2) The “Tokaido region” refers to the industrial region centered around Shizuoka (Shizuoka, Aichi, and Mie Prefectures. The same applies hereinafter.) and to the prefectures of Tokyo, Kanagawa, Gifu, Shiga, Kyoto, and Osaka. The “Tokaido vicinity” refers to the prefectures of Chiba, Saitama, Yamanashi, Nagano, Hyogo, Nara and Wakayama.

(Note 3) “Total value of assets held” values are based on the amounts recorded in the balance sheet as of the last day of each fiscal period (book values after depreciation for real estate and real estate trust assets), rounded down to the nearest million JPY.

(Note 4) “Percentage of all assets” values indicate the ratio of the total value of assets held for each type of asset to the total assets for all assets. They are rounded to the first decimal place.

	Previous fiscal period As of July 31, 2023		Current fiscal period As of January 31, 2024	
	Amount (million JPY) (Note 1)	Percentage of all assets (Note 2)	Amount (million JPY) (Note 1)	Percentage of all assets (Note 2)
Total liabilities	25,000	50.0	24,567	49.5
Total net assets	25,036	50.0	25,039	50.5
Total assets	50,037	100.0	49,607	100.0

(Note 1) “Total liabilities” values, “Total net assets” values, and “Total assets” values are based on the amounts recorded in the balance sheet as of the last day of each fiscal period, rounded down to the nearest million JPY.

(Note 2) “Percentage of all assets” values are rounded to the first decimal place.

(B) Investment assets

As of January 31, 2024, the assets held by Tokaido REIT, including real estate and beneficiary rights for real estate trust assets (collectively referred to as “owned assets”) are detailed as follows.

(a) Overview of owned assets

The names, addresses, acquisition prices (prices and investment ratios), balance sheet amounts, appraisal values, and acquisition dates of properties pertaining to assets owned by Tokaido REIT are as follows.

(As of January 31, 2024)

Class	Subclass	Property code (Note 1)	Property name	Address	Acquisition price (Note 2)		Balance sheet amount (million JPY) (Note 3)	Appraisal value (million JPY) (Note 4)	Acquisition date
					Price (mn JPY)	Investment ratio (%)			
Industrial infrastructure assets	Logistics asset	LO-1	Inabe Logistics Center	Inabe City, Mie Prefecture	6,230	13.8	6,262	6,880	June 23, 2021
		LO-2	Matsusaka Logistics Center	Matsusaka City, Mie Prefecture	692	1.5	721	754	November 1, 2022
		LO-3	Centrair Logistics Center	Tokoname City, Aichi Prefecture	10,470	23.2	10,885	11,600	February 2, 2023
	Industrial or business asset	OF-1	Mid Building Yokkaichi	Yokkaichi City, Mie Prefecture	1,620	3.6	1,601	1,840	June 23, 2021
		OF-2	Aoi Tower	Shizuoka City, Shizuoka Prefecture	2,300	5.1	2,326	2,470	June 23, 2021
	Land asset (for industrial infrastructure)	IL-1	Shizuoka Machine Yard (land)	Shizuoka City, Shizuoka Prefecture	600	1.3	612	725	January 31, 2022
Subtotal					21,912	48.5	22,411	24,269	
Community infrastructure assets	Residential asset	RE-1	Royal Parks Chikusa	Nagoya City, Aichi Prefecture	4,400	9.7	4,535	4,880	June 23, 2021
		RE-2	Marunouchi EMBL Court	Nagoya City, Aichi Prefecture	1,080	2.4	1,163	1,230	March 30, 2021
		RE-3	EMBL Aile Kusanagi Ekimae	Shizuoka City, Shizuoka Prefecture	2,000	4.4	2,052	2,190	June 23, 2021
		RE-4	EMBL Aile Kusanagi	Shizuoka City, Shizuoka Prefecture	750	1.7	777	985	June 23, 2021
	Land asset (for distribution or sale of daily necessities)	RL-1	Hamamatsu Plaza (land) (Note 5)	Hamamatsu City, Shizuoka Prefecture	11,950	26.4	12,219	12,500	June 23, 2021
	Other asset (for distribution or sale of daily necessities)	RT-1	Shimizucho Delivery and Sales Center	Shimizu-cho, Sunto-gun, Shizuoka Prefecture	3,100	6.9	3,122	3,320	June 1, 2023
Subtotal					23,280	51.5	23,871	25,105	
Total					45,192	100.0	46,282	49,374	

(Note 1) The “property number” is the number given to assets owned by Tokaido REIT based on the “investment target” category. For the “investment target” category, LO refers to logistics assets, OF refers to industrial or business assets, IL refers to land assets (for industrial infrastructure), RE refers to residential assets, RL refers to land assets (for distribution or sale of daily necessities), and RT refers to other assets (for distribution or sale of daily necessities). When an asset is a complex with multiple uses, the asset is indicated under the investment target category with the highest proportion of rent revenue assumed upon full occupancy. The same applies hereinafter.

(Note 2) The “acquisition price” indicates the sale and purchase price of the real estate or trust beneficiary rights (excluding consumption tax, local consumption tax, brokerage commission and other various expenses) indicated in the sale and purchase agreement for the real estate or trust beneficiary rights. Values are rounded down to the nearest million JPY. The “investment ratio” indicates the acquisition price of each owned asset as a percentage of the total acquisition price, rounded to the first decimal place.

(Note 3) The “balance sheet amount” indicates the book value recorded in the balance sheet (the book value after depreciation), rounded down to the nearest million JPY.

(Note 4) The “appraisal value” indicates the appraisal value recorded in each real estate appraisal as of the appraisal date (January 31, 2024). The appraisal of individual owned assets was delegated to Japan Valuers Co., Ltd., The Tanizawa Sōgō Appraisal Co., Ltd., Daiwa Real Estate Appraisal Co., Ltd., and JLL Morii Valuation & Advisory K.K. The same applies hereinafter.

(Note 5) Tokaido REIT has acquired the land and part of the buildings of the Hamamatsu Plaza (land) property, but the majority of the asset consists of land, so this asset has been categorized as a land asset.

(b) Investment securities

N/A

(c) Portfolio list

The property name, annual rental income, leasable area, leased area, and occupancy rate of the assets owned by the Investment Corporation are as follows.

Class	Subclass	Property code	Property name	Address	Annual rental income (mn JPY) (Note 1)	Leased area (㎡) (Note 2)	Leasable area (㎡) (Note 3)	Occupancy Rate (%) (Note 4)
Industrial infrastructure assets	Logistics asset	LO-1	Inabe Logistics Center	Inabe City, Mie Prefecture	Non-disclosure (Note 5)	105,914.86	105,914.86	100.0
		LO-2	Matsusaka Logistics Center	Matsusaka City, Mie Prefecture	Non-disclosure (Note 5)	3,014.40	3,014.40	100.0
		LO-3	Centrair Logistics Center	Tokoname City, Aichi Prefecture	774	63,299.08	63,719.56	99.3
	Industrial or business asset	OF-1	Mid Building Yokkaichi	Yokkaichi City, Mie Prefecture	132	3,856.44	3,856.44	100.0
		OF-2	Aoi Tower	Shizuoka City, Shizuoka Prefecture	176	2,858.50	2,858.50	100.0
	Land asset (for industrial infrastructure)	IL-1	Shizuoka Machine Yard (land)	Shizuoka City, Shizuoka Prefecture	Non-disclosure (Note 5)	6,219.80	6,219.80	100.0
Community infrastructure assets	Residential asset	RE-1	Royal Parks Chikusa	Nagoya City, Aichi Prefecture	365	11,968.91	12,443.80	96.2
		RE-2	Marunouchi EMBL Court	Nagoya City, Aichi Prefecture	54	1,894.13	2,158.31	87.8
		RE-3	EMBL Aile Kusanagi Ekimae	Shizuoka City, Shizuoka Prefecture	150	6,295.26	6,357.81	99.0
		RE-4	EMBL Aile Kusanagi	Shizuoka City, Shizuoka Prefecture	67	2,908.12	2,908.12	100.0
	Land asset (for distribution or sale of daily necessities)	RL-1	Hamamatsu Plaza (land) (Note 5)	Hamamatsu City, Shizuoka Prefecture	632	80,421.45	80,421.45	100.0
	Other asset (for distribution or sale of daily necessities)	RT-1	Shimizucho Delivery and Sales Center	Shimizu-cho, Sunto-gun, Shizuoka Prefecture	Non-disclosure (Note 5)	8,895.08	8,895.08	100.0
	Total / Average				3,130	297,546.03	298,768.13	99.6

(Note 1) “Annual Rental Income” is calculated as of January 31, 2024, by multiplying the monthly fixed rent (including common service fees) stipulated in the lease agreements with lessees for each owned asset (excluding parking lots, storage, etc., in building lease agreements) by 12, and rounding down to the nearest million JPY. In cases where a master lease agreement is in place for each asset, and the rent amount is the same as the total rent amount stipulated in the lease agreements with the end tenants, the annual rent or monthly rent multiplied by 12 as of July 31, 2023, in the effective lease agreements with the end tenants is recorded, rounding down to the nearest million JPY. For assets under a fixed-rent master lease agreement, the total of the monthly rent (including common service fees but excluding fees for ancillary facilities like parking and storage rooms) as stated in the lease agreements between the REIT or trustee and the master lease company is recorded. Consumption tax and local consumption tax are excluded, and free rent and rent holidays (exemption from rent payment for specific months) as of January 31, 2024, are not considered.

(Note 2) “Leased Area” refers to the area corresponding to Tokaido REIT's share in the area that can be leased, as stipulated in the lease agreements already concluded between Tokaido REIT and tenants or shown in the drawings of the respective properties. In the case of pass-through type master lease agreements, the area is as stipulated in the lease agreements concluded with end tenants or shown in the drawings of the respective properties. Tokaido REIT or trustee has concluded fixed-rent master lease agreements for Aoi Tower and Shimizu Town Distribution & Sales Center, Mid Building Yokkaichi, Royal Parks Chikusa, Marunouchi EMBL Court, EMBL Air Kusanagi Station Front, and EMBL Aile Kusanagi, and a pass-through type master lease agreement for Centrair Logistics Center. Inabe Logistics Center does not include the leasable area related to the rental of roof parts for the installation of solar power generation facilities.

(Note 3) “Leasable Area” refers to the area of each owned asset's building (or the land, in the case of ground lease properties) that Tokaido REIT considers leasable. Inabe Logistics Center does not include the leasable area related to the rental of roof parts for the installation of solar power generation facilities.

(Note 4) “Occupancy Rate” as of January 31, 2024, is calculated by dividing the total leased area stipulated in the lease agreements with tenants for each owned asset by the area that Tokaido REIT considers leasable for each owned asset's building (or land, in the case of ground lease properties), rounding to the second decimal place.

(Note 5) Disclosure is marked as “non-disclosure” due to unavoidable circumstances as consent for disclosure has not been obtained from the lessees.

(C) Overview of real estate appraisal report

This investment corporation has obtained real estate appraisal reports for its held assets as of January 31, 2024, from Japan Valuers Co., Ltd., The Tanizawa Sōgō Appraisal Co., Ltd., Daiwa Real Estate Appraisal Co., Ltd., and JLL Morii Valuation & Advisory K.K.

The summary is as follows: The real estate appraisal report represents the judgment and opinion of the appraisal institution at a particular time and does not guarantee the appropriateness, accuracy, or possibility of transactions at the appraised value. Furthermore, there are no special interests between Japan Valuers Co., Ltd., The Tanizawa Sōgō Appraisal Co., Ltd., Daiwa Real Estate Appraisal Co., Ltd., JLL Morii Valuation & Advisory K.K., and Tokaido REIT Inc., and Tokaido REIT Asset Management Co., Ltd.

Class	Subclass	Property code	Property name	Appraisal agency	Appraisal value (mn JPY)	Profit price						Appraisal NOI yield (%) (Note 2)
						Price by direct capitalization method (mn JPY)	Return rate (%)	Price by DCF method (mn JPY)	Discount rate (%)	Final capitalization rate (%)	NOI (mn JPY) (Note 1)	
Industrial infrastructure assets	Logistics asset	LO-1	Inabe Logistics Center	Japan Valuers Co., Ltd.	6,880	6,850	5.4	6,920	5.2	5.6	394	6.3
		LO-2	Matsusaka Logistics Center	The Tanizawa Sōgō Appraisal Co., Ltd.	751	787	4.3	740	4.2	4.5	34	5.0
		LO-3	Centrair Logistics Center	The Tanizawa Sōgō Appraisal Co., Ltd.	11,600	11,400	4.5	11,700	4.6	4.7	531	5.1
		Subtotal			19,231	19,027	—	19,360	—	—	961	—
	Industrial or business asset	OF-1	Mid Building Yokkaichi	Daiwa Real Estate Appraisal Co., Ltd.	1,820	1,890	5.1	1,820	4.9	5.3	105	6.5
		OF-2	Aoi Tower	The Tanizawa Sōgō Appraisal Co., Ltd.	2,590	2,530	4.8	2,440	4.9	5.0	124	5.4
		Subtotal			4,410	4,420	—	4,260	—	—	230	—
	Land asset (for industrial infrastructure)	IL-1	Shizuoka Machine Yard (land)	Daiwa Real Estate Appraisal Co., Ltd.	725	725	5.3 (Note 3)	725	5.3	—	36	6.0
		Subtotal			725	725	—	725	—	—	36	—

Class	Subclass	Property code	Property name	Appraisal agency	Appraisal value (mn JPY)	Profit price						Appraisal NOI yield (%) (Note 2)
						Price by direct capitalization method (mn JPY)	Return rate (%)	Price by DCF method (mn JPY)	Discount rate (%)	Final capitalization rate (%)	NOI (mn JPY) (Note 1)	
Community infrastructure assets	Residential asset	RE-1	Royal Parks Chikusa	The Tanizawa Sōgō Appraisal Co., Ltd..	4,890	5,000	4.0 (Note 4)	4,830	4.0	4.2 (Note 5)	246	5.6
		RE-2	Marunouchi EMBL Court	The Tanizawa Sōgō Appraisal Co., Ltd..	1,230	1,260	3.7	1,210	3.8	3.9	49	4.6
		RE-3	EMBL Aile Kusanagi Ekimae	Daiwa Real Estate Appraisal Co., Ltd.	2,210	2,220	5.0	2,180	4.8	5.2	117	5.9
		RE-4	EMBL Aile Kusanagi	JLL Morii Valuation & Advisory K.K.	985	1,000	4.9	970	4.7	5.1	49	6.6
		Subtotal			9,315	9,480	—	9,190	—	—	463	—
	Land asset (for distribution or sale of daily necessities)	RL-1	Hamamatsu Plaza (land) (Note 5)	Daiwa Real Estate Appraisal Co., Ltd.	12,500	12,700	4.7	12,400	4.5	4.9	595	5.0
		Subtotal			12,500	12,700	—	12,400	—	—	595	—
	Other asset (for distribution or sale of daily necessities)	RT- 1	Shimizucho Delivery and Sales Center	The Tanizawa Sōgō Appraisal Co., Ltd..	3,280	3,360	5.6	3,300	(Up to 4 th year) 5.6% (From 5 th year) 5.7%	5.8	189	6.1
		Subtotal			3,280	3,360	—	3,300	—	—	189	—
	Total / Average					49,460	49,712	—	49,235	—	—	2,475

(Note 1) “NOI” refers to Net Operating Income, which is the operating net revenue stated in the appraisal report, calculated by deducting operating expenses from operating revenues, and refers to the income before deducting depreciation expenses. NOI is different from Net Cash Flow (NCF), which is NOI minus the operational gains from deposits and other sources, and capital expenditures. The NOI mentioned above is calculated using the direct capitalization method. Also, “NOI” is recorded by rounding down to the nearest million JPY. Therefore, the sum of NOI for each asset held may not match the total portfolio NOI.

(Note 2) “Appraisal NOI Yield” is calculated by dividing the NOI by the acquisition price, with the figure calculated by the asset management company and rounded to the second decimal place. However, the numbers in the subtotal or total columns are calculated by dividing the subtotal or total of NOI by the subtotal or total of the acquisition price, with the figure calculated by the asset management company and rounded to the second decimal place. These figures are all calculated by the asset management company and are not the figures stated in the real estate appraisal report.

(Note 3) The discount rate adopted for the direct capitalization method (Inwood Model) is stated.

(Note 4) The discount rate adopted for the direct capitalization method (Modified Inwood Model) is stated.

(Note 5) The discount rate at the time of assessing the sale price after the expiration of the holding period is stated.

(2) Capital Expenditure Status

(A) Capital expenditure schedule

N/A

(B) Capital expenditure during the period

N/A

(C) Money set aside for long-term repair plans

N/A