

February 2021 Fiscal Period Presentation Material



**Takara Leben Real Estate
Investment Corporation**

Code:3492

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■ Action Plans for the 6th Fiscal Period

1. Distribution per unit

3,000 JPY → 3,100 JPY
(Revised upward on February 22, 2021)

2. External Growth

- Improve portfolio quality and stability
- Acquisition of properties through effective use of cash on hand
- Securing acquisition opportunities by obtaining preferential negotiation rights from bridge funds
- Secure growth opportunities through pipeline from Takara Leben

3. Internal Growth

- Selection of the new operator for the existing hotel (Nagoya)
- Reduction of fixed costs by reviewing property management specifications and switching power suppliers, etc.
- Implementation of capital expenditures to improve property competitiveness

4. Financial Strategy

- Diversifying funding initiatives



■ Results of 6th Fiscal Period

1. Distribution per unit

3,100 JPY (+100 JPY vs forecast)
Effect of the COVID-19: 22 million JPY in revenue (Approx. 48 JPY on DPU)

2. External Growth

- Disposed 3 offices located in regional cities, Morioka, Koriyama, and Utsunomiya, and 1 urban retail building, Almost Blue (Note 1)
- Entered into an agreement on February 22, to acquire AEON STYLE Onomichi (Land) from Takara Leben, the sponsor, and Yoyogi 1-chome Building from a third party
- In the 7th fiscal period, we plan to acquire the BIGMOTOR Sapporo Kiyota(Land) from the third party, and LUXENA KADOMA, DCM Daiki Onomichi (Land) from Takara Leben (Note 2).

(Note 1) Disposed 30% interest in Almost Blue on February 26 and disposed 70% on March 19.

(Note 2) BIGMOTOR Sapporo Kiyota (Land) is scheduled to be acquired by May 10, 2021

3. Internal Growth

- Entered into a new lease agreement with Solare Hotels and Resorts Co., Ltd. (February 10, 2021), renamed the property ACCESS by LOISIR HOTEL Nagoya

4. Financial Strategy

- Acquisition of rating (Issuer rating A-)

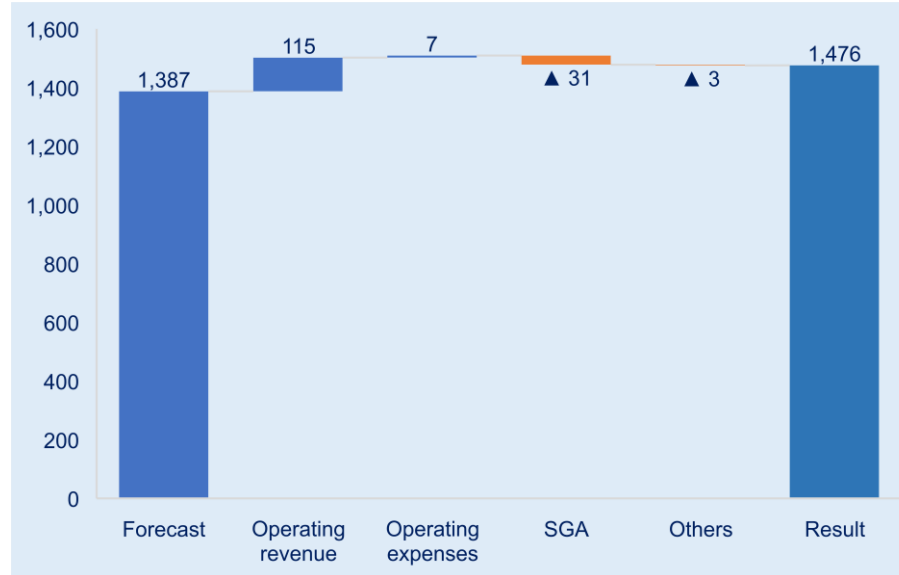
I . Overview of the 6th Fiscal Period

6th Fiscal Period Financial Results Highlight

6 th period	Forecast	Actual	Diff	Factors
Number of days in operation	181	181	-	-
Operating revenue (million JPY)	2,758	2,874	+115	+186 ▲89 Gain on disposal properties +18 Decrease in revenue from properties disposed during the period +18 Others
Operating Income (million JPY)	1,611	1,702	+91	+115 Increase in operating revenue +7 Decrease in rental expenses (utilities, etc.) ▲31 Increase in SGA (professional fees, etc.)
Ordinary Income (million JPY)	1,388	1,500	+112	+91 Increase in operating income +21 Refund of property taxes, etc.
Net Income (million JPY)	1,387	1,476	+88	+112 Increase in ordinary income ▲24 Increase in income taxes
Total amount of distribution (millions JPY)	1,387	1,433	+46	+88 Increase in net income ▲42 Retained earnings
Distributions per unit (including distributions in excess of earnings) (JPY)	3,000	3,100	+100	Total number of investment units issued and outstanding: 462,500 units

Net income change (Initial forecast vs. result for the 6th period)

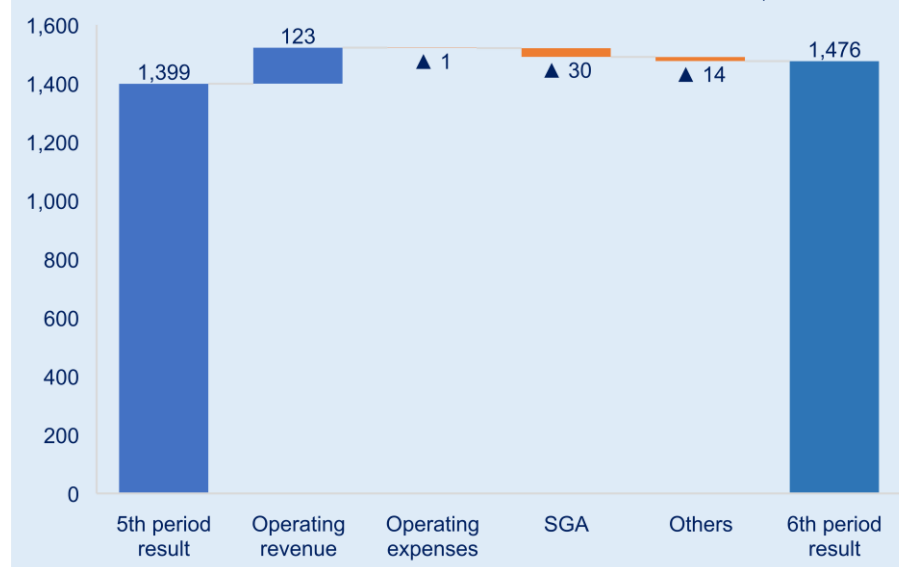
(Unit: million JPY)



Actual results	5 th period	6 th period	Diff	Factors
Number of days in operation	184	181	▲3	-
Operating revenue (million JPY)	2,750	2,874	+123	+163 Increase in gains on disposal properties ▲88 Decrease in revenue from properties disposed during the period +25 Increase in revenue from existing properties +23 Other
Operating Income (million JPY)	1,611	1,702	+91	+123 Increase in operating revenue ▲23 Increase in repair expenses ▲9 Other
Ordinary Income (million JPY)	1,399	1,500	+101	+91 Increase in operating income +19 Property tax refund ▲10 Other
Net Income (million JPY)	1,399	1,476	+77	+101 Increase in ordinary income ▲24 Increase in income taxes
Total amount of distribution (millions JPY)	1,400	1,433	+33	+77 Increase in net income ▲44 Retained earnings
Distributions per unit (including distributions in excess of earnings) (JPY)	3,029	3,100	+71	Total number of investment units issued and outstanding: 462,500 units

Net income change (5th period results vs. 5th period results)

(Unit: million JPY)



(NOTE) Figures are rounded down to the nearest million JPY, so totals may not add up.

Balance Sheet Comparison

(Unit:million JPY)

5 th period vs 6 th period				
	5 th period	6 th period	Diff	Factors
Current assets	6,464	11,665	+5,200	
Cash and deposits(including in trust)	6,217	11,449	+5,231	+5,360 Proceeds from disposition of Morioka, Koriyama, Utsunomiya, and 30% interest in Almost Blue
Other current assets	247	215	▲31	▲19 Amortization of prepaid expenses
Fixed assets	87,953	82,686	▲5,267	
Total tangible assets	86,866	81,883	▲4,982	▲4,898 ▲84 Disposition of 4 properties Others
Total intangible assets	761	533	▲227	▲227 Disposition of Almost Blue
Total investments and other assets	325	268	▲56	▲56 Amortization of long-term prepaid expenses
Deferred assets	47	28	▲19	▲19 Amortization of issuance costs of new units
Total assets	94,466	94,380	▲86	

(Unit:million JPY)

5 th period vs 6 th period				
	5 th period	6 th period	Diff	Factors
Current liabilities	10,658	10,845	+187	
Current portion of long-term loans payable	10,000	10,000	-	
Other current liabilities	658	845	+187	+202 ▲37 Increase in accrued consumption tax Decrease in accounts payable-other
Non-current liabilities	37,254	36,889	▲364	
Long-term loans payable	33,400	33,400	-	
Other non-current liabilities	3,854	3,489	▲364	▲242 Return of deposits for properties disposed, etc.
Total liabilities	47,913	47,735	▲177	
Net assets	46,553	46,644	+91	+75 +15 Increase in unappropriated retained earnings Increase in deferred gains (losses) on hedges
Total liabilities and net assets	94,466	94,380	▲86	

(Note) Since figures are rounded down to the nearest million JPY, totals may no add up.

- Considering risks on future stable cash flow, realization of internal growth, etc., we disposed 4 properties both for newly acquisition of properties and for distributions.

Properties disposed

Disposed on November 30, 2020



Morioka Ekimae-dori Building



EME Koriyama Building

Disposed on December 23, 2020



Utsunomiya Central Building

Entered into sales agreement on February 26, 2021 (Note 1)



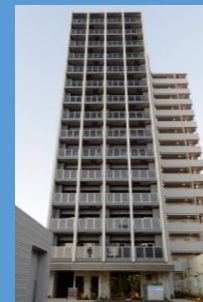
Almost Blue

Total disposition price **10,407 million JPY** (Note 2)

Acquisition in 7th fiscal period

Distributions to unitholders

Acquired and plan to acquire properties



LUXENA KADOMA
(Acquired on April 13, 2021)



Yoyogi 1-chome Building
(Scheduled to be acquired on April 30, 2021)



AEON STYLE Onomichi (Land)
(Acquired on March 1, 2021)



DCM Daiki Onomichi (Land)
(Acquired on April 1, 2021)



BIGMOTOR Sapporo Kiyota (Land)
(Scheduled to be acquired by May 10, 2021)

Total acquisition price **7,530 million JPY**

(Note 1) Disposed 30% interest in Almost Blue on February 26, 2021, and 70% interest on March 19, 2021

(Note 2) Includes the sale of the 70% interest in Almost Blue on March 19, 2021.

Office

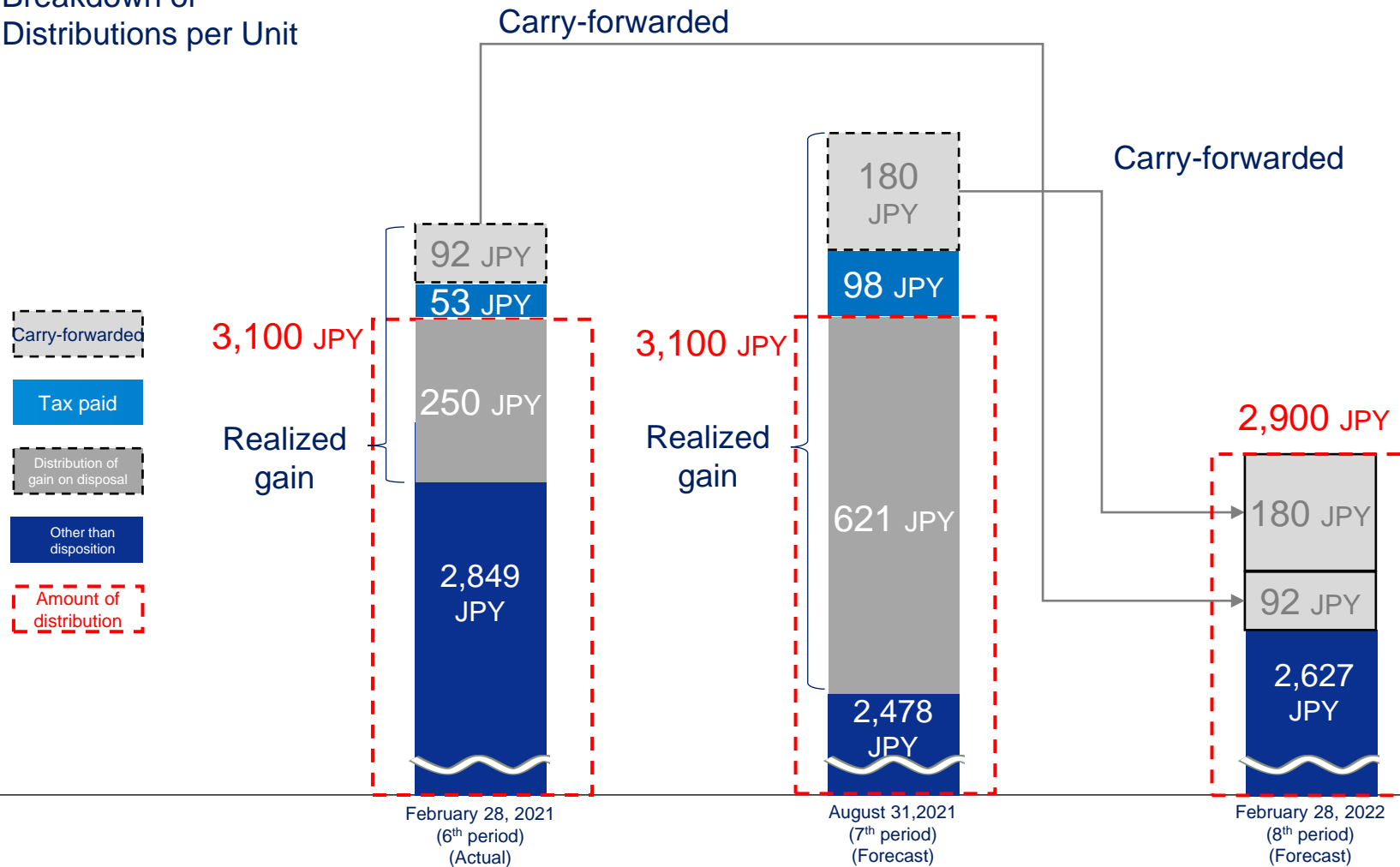
Residence

Retail and Others

Retained earnings for gains on disposal properties

- In order to make stable distributions, a part of the gain on disposal properties generated in 6th and 7th periods are retained and carried forward to the 8th period

Breakdown of Distributions per Unit



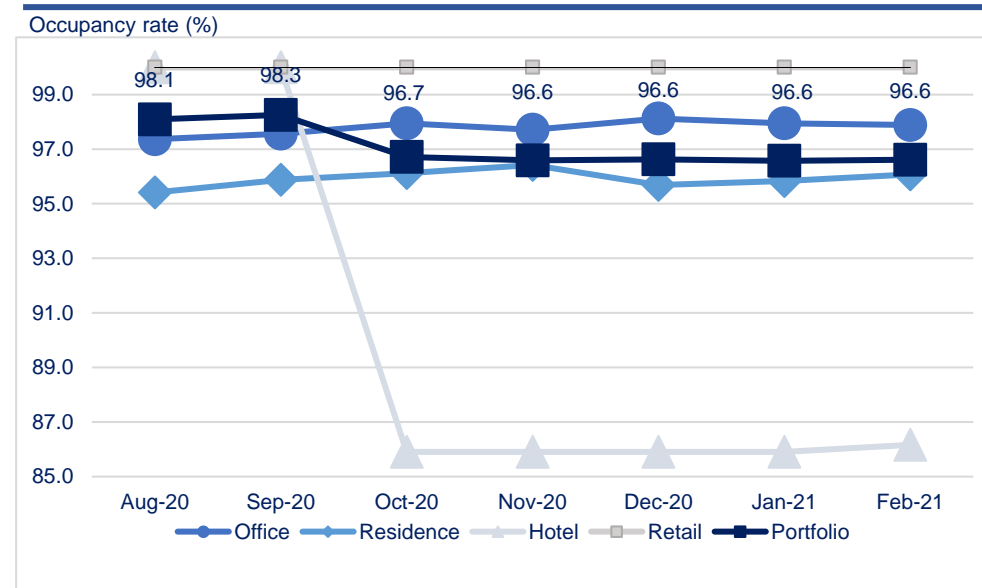
Note 1: The amount calculated by dividing the amount of each item by the total number of investment units issued and outstanding has been rounded down to the nearest JPY, so some portions do not equal the total amount.
 Note 2: Deferred hedge losses, a deduction of net assets, are assumed not to occur.

Overview of Profit and Loss from Leasing Business

(Unit: million JPY)				
6 th period comparison	Forecast	Actual	Diff	Factors
Operating revenue from real estate leasing	2,758	2,687	▲71	
Lease business revenue	2,593	2,508	▲84	
Rental revenue	2,276	2,207	▲68	▲66 Decrease in income from 4 properties disposed
Common area charges	216	208	▲8	▲12 +4 Decrease in income from 4 properties disposed Others
Parking income	82	76	▲5	
Other rental income	17	16	▲1	
Other lease business revenues	165	179	+13	
Utility reimbursement	150	141	▲9	
Other revenue	14	38	+23	+12 Restoration fee from tenants (Hakata, Hakarochi, Shinsaibashi, Tokai-dori Street, Heiwadai, etc.) +7 Revenue of nonrefundable deposits (Nagoya, etc.)
Operating expenses from real estate leasing	926	915	▲10	
Management fee	196	193	▲2	
Utility expenses	142	115	▲27	▲8 ▲14 Decrease in expenses from properties sold during the period Decrease in expenses for office properties (NT buildings, etc.)
Taxes and dues	202	198	▲3	
Insurance premium	4	4	0	
Repair expenses	20	62	+42	+26 Renewal expenses, etc. (Nagoya, etc.) +13 Restoration expenses (Hakko-cho, Shinsaibashi, etc.) +3 Others (initial expenditure for ACCESS by LOISIR HOTEL Nagoya)
Trust fee	10	10	0	
Depreciation	341	325	▲15	Decrease due to disposal properties during the period
Other expenses	7	5	▲2	
Operating income from real estate leasing	1,832	1,772	▲60	
NOI	2,173	2,097	▲76	

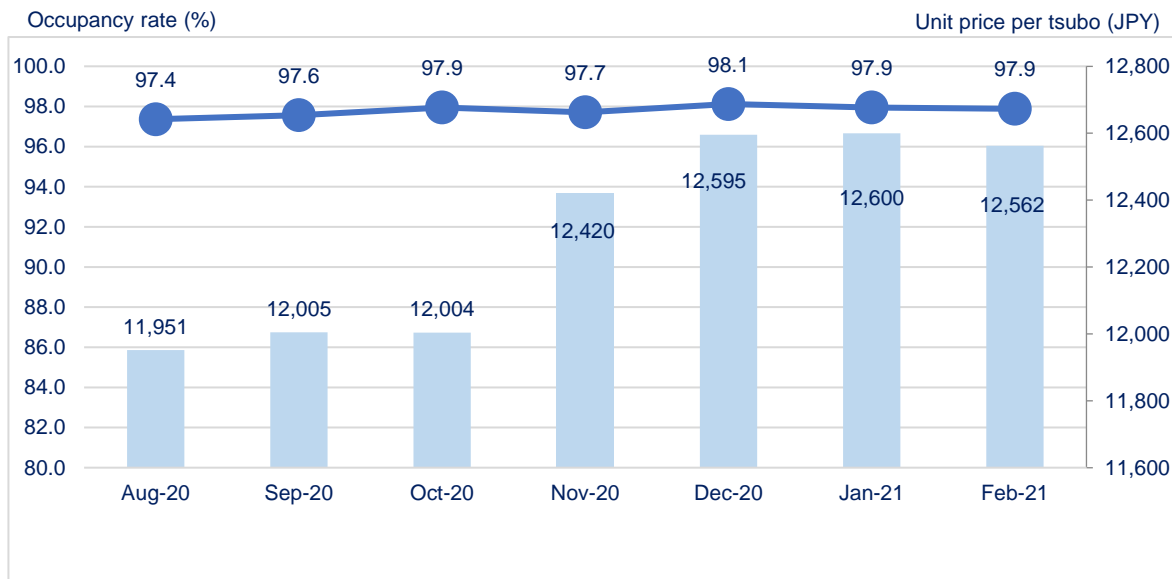
(Note) Figures are rounded down to the nearest million JPY, so totals may not add up.

Trend in Occupancy Rates



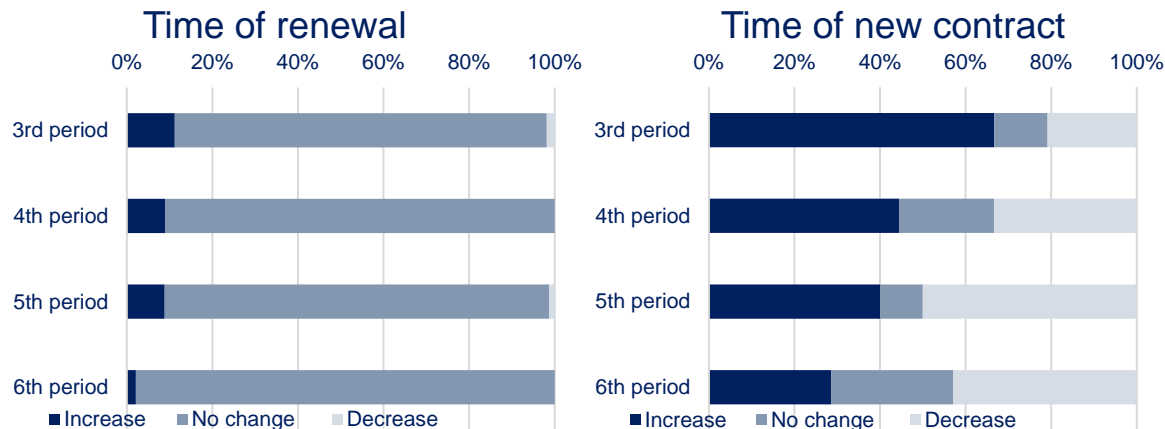
- Total NOI in the portfolio decreased from the initial forecast of 2,173 million JPY to 2,097 million JPY due to the disposal properties during the period.
- The occupancy rate for the entire portfolio fell due to the cancellation of contracts with operators at a hotel in Nagoya, but the lease agreement has already been newly concluded with the successor operator.

Trend in Occupancy Rate and Rent Unit Price



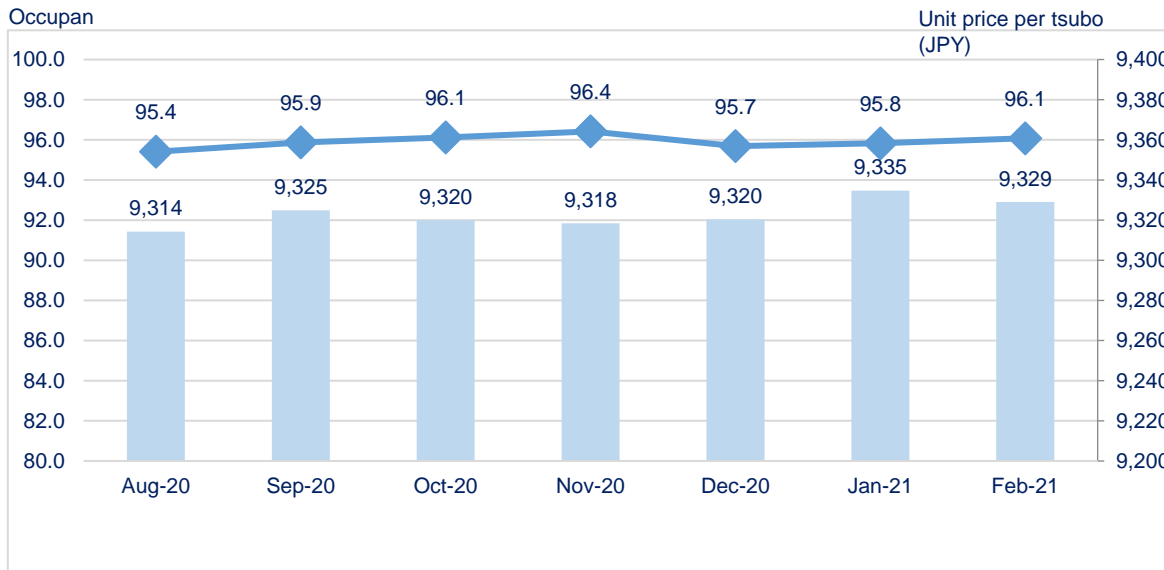
- The occupancy rate at the end of the February 2021 (6th) fiscal period improved to 97.9% from 97.4% at the end of the August 2020 (5th) fiscal period
- The average rent per tsubo for the portfolio increased to 12,562 JPY in February 2021 from 11,951 JPY in August 2020 due to the disposition of 3 properties with low unit prices, Morioka, Koriyama, and Utsunomiya, in November and December

Rent Revision Status



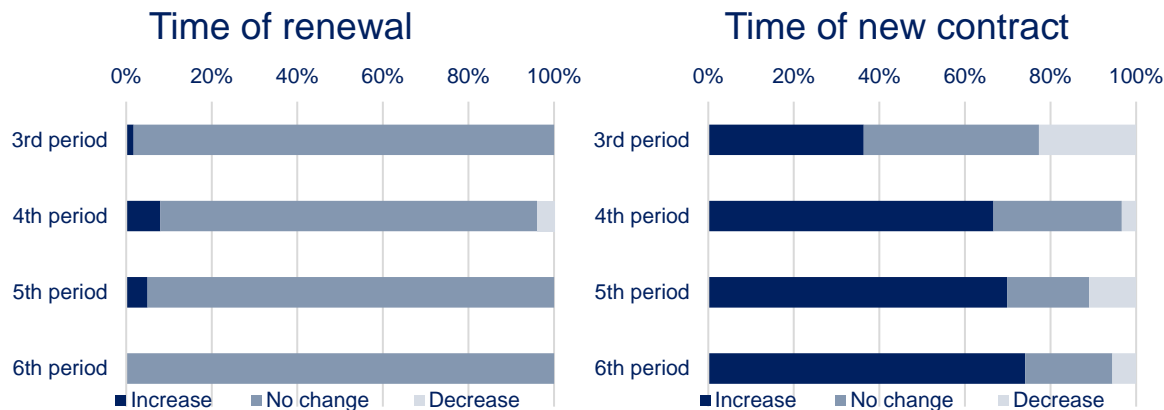
- Rent remains unchanged at the time of contract renewal with tenants due to the impact of the COVID-19

Trend in Occupancy Rate and Rent Unit Price



- In the 6th fiscal period ended February 2021, the occupancy rate remained stable at around 96%.
- Average rent per tsubo for the portfolio during the period remained in the 9,300 JPY range.

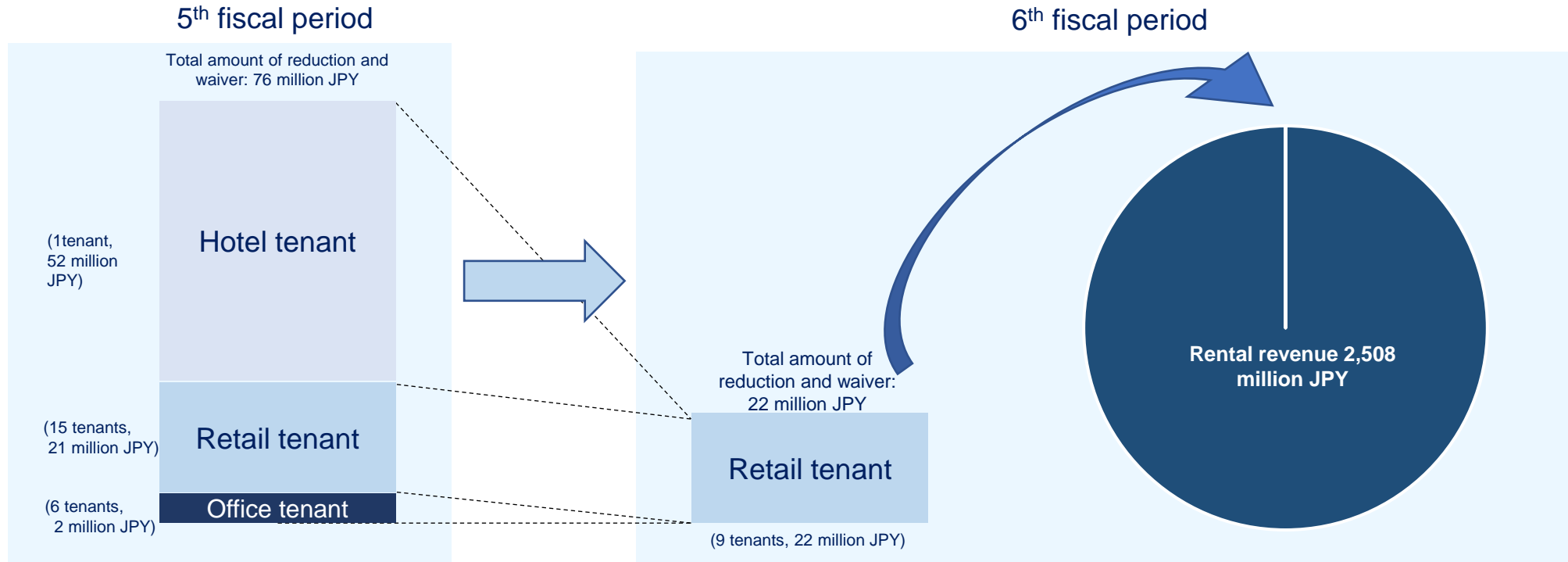
Rent Revision Status



- The trend of increased rent at the time of new contracts continues

- Rent reduction for tenants suffered by the COVID-19 will be implemented to the extent that it is financially minor
- The total amount of waiver decreased to 22 million JPY in the 6th period from 76 million JPY in the 5th period

Impact of reduction, waiver, and grace by tenant type



- The total reduction and waiver in the amount of 22 million JPY implemented in the 6th fiscal period accounts for 0.9% of the rental business revenue of 2,508 million JPY.
- Of the total 22 million JPY reduction for the 6th fiscal period, 15 million JPY is for tenant of property that has already been disposed
- Only retail tenants are granted rent reduction or waiver.
- A hotel operator that had implemented reduction and waiver in the 5th fiscal period has been changed to the successor operator during the 6th fiscal period

- Maintain average occupancy rate of 100% during the period
- Granted rent reduction and waiver for non-routine, event consumption tenants
- Disposed Almost Blue realizing gain after fulfillment of internal growth
- Secure long-term stability of cash flow by purchase of lifestyle-related type retail in the 7th fiscal period

6th fiscal period

Lifestyle-related (57%) (Note)



Kaden Sumairu Kan YAMADA
Matsuyama Toiyacho



Kaden Sumairu Kan YAMADA
KobeTarumi (Land)



TA Shonan Kugenumakaigan



Co-op Sapporo Shunko

Non-routine, event consumption type (43%) (Note)



Prio Daimyo II



Almost Blue

After acquisition of additional properties (as of May 10, 2021)

Lifestyle-related (82%) (Note)



Kaden Sumairu Kan YAMADA
Matsuyama Toiyacho



Kaden Sumairu Kan YAMADA
KobeTarumi (Land)



TA Shonan Kugenumakaigan



Co-op Sapporo Shunko



AEON STYLE Onomichi (Land)



DCM Daiki Onomichi (Land)

Non-routine, event consumption type (18%) (Note)



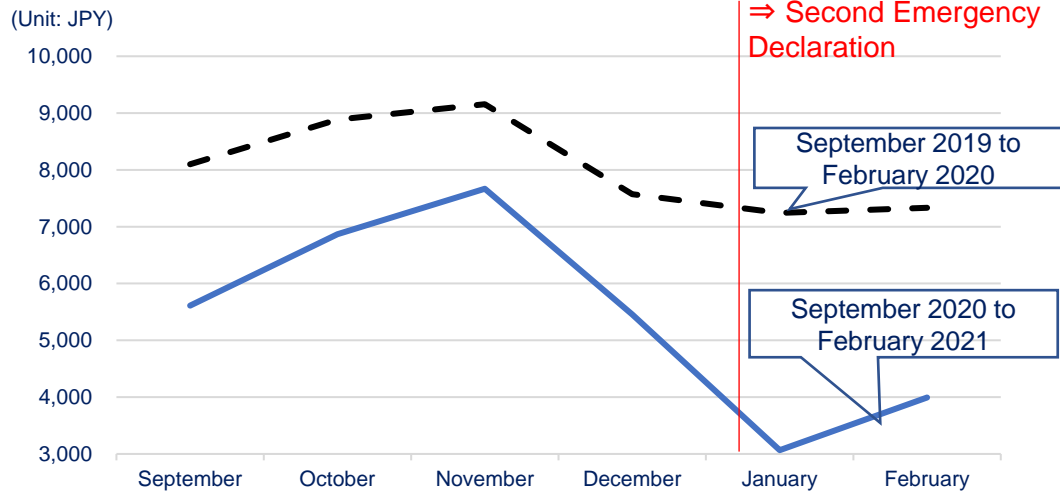
Prio Daimyo II



BIGMOTOR Sapporo Kiyota (Land)

(Note)Percentage of lifestyle-related and non-routine and event consumption type are calculated based on acquisition prices.

■ RevPAR of the entire hotel sector (Note)



(Note) Weighted averages of monthly RevPAR for all hotels except ACCESS by LOISIR HOTEL Nagoya by leased area

- RevPAR had been recovering steadily following the termination of the emergency declaration in May 2020, however fell again due to the suspension of GoTo campaign in December 2020 and the subsequent the second emergency declaration. February 2021 improved from the previous month
- Of the 4 hotels owned, the rent obtained from Dormy Inn Matsuyama, Dormy Inn Morioka, and Hotel Sunshine Utsunomiya are fixed and not reduced.
- Regarding the hotel located in Nagoya, new lease agreement was entered into with the successor operator and rebranded to ACCESS by LOISIR HOTEL Nagoya.

■ Successor operator (ACCESS by LOISIR HOTEL Nagoya)

- Entered into a lease agreement with Solare Hotels and Resorts Co., Ltd. on February 10, 2021
- Preparing for grand opening on May 10, 2021

A base to help
you get around
in an urban voyage.

To enjoy an easily mobile trip without reducing your rising excitement, truly feeling the atmosphere of the town.
For active people to try out a comfortable night that'll put a spring in your step.

ACCESS by LOISIR HOTEL is
your base to enjoy the city to the full.



■ Overview of the lease agreement

Name of operator (tenant)	Solare Hotels and Resorts Co., Ltd.
Contract period	10-year period from March 15, 2021 to March 14, 2031
Monthly rent	Amount equivalent to each month's GOP (Note) from the operation of the Premise The amount is calculated by multiplying the fixed ratio and adding the amount equivalent to consumption tax and local consumption tax. However, if such amount is less than zero JPY, it will be zero JPY.

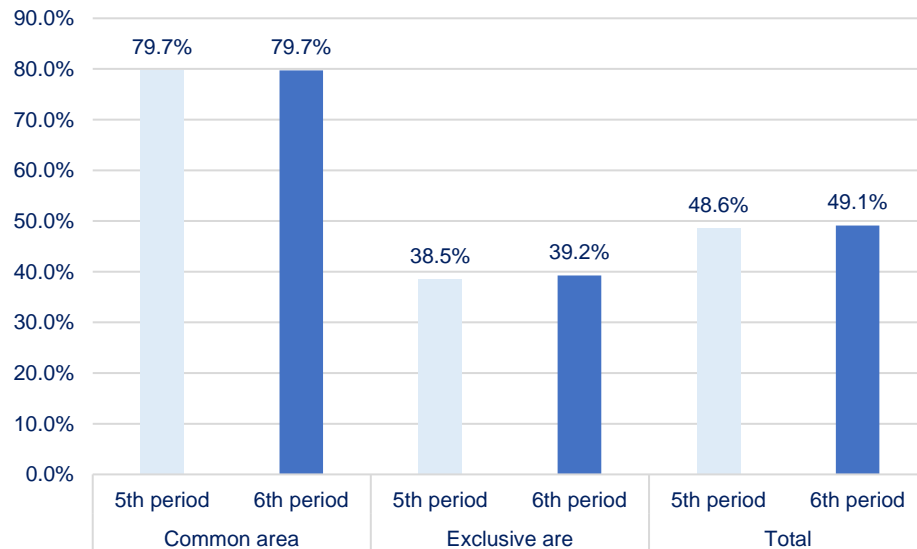
(Note) "GOP" represents sales of hotel (not including consumption tax and local consumption tax) subtracting operating expenses such as cost of sales and personnel expenses (not including consumption tax and local consumption tax) .

- Results of various initiatives implemented have become apparent on an ongoing basis

Utility Cost Reduction Measures

- Continuously converting to LED in common areas
- Switch to new electric power supplier
- Measures to conserve water in common areas

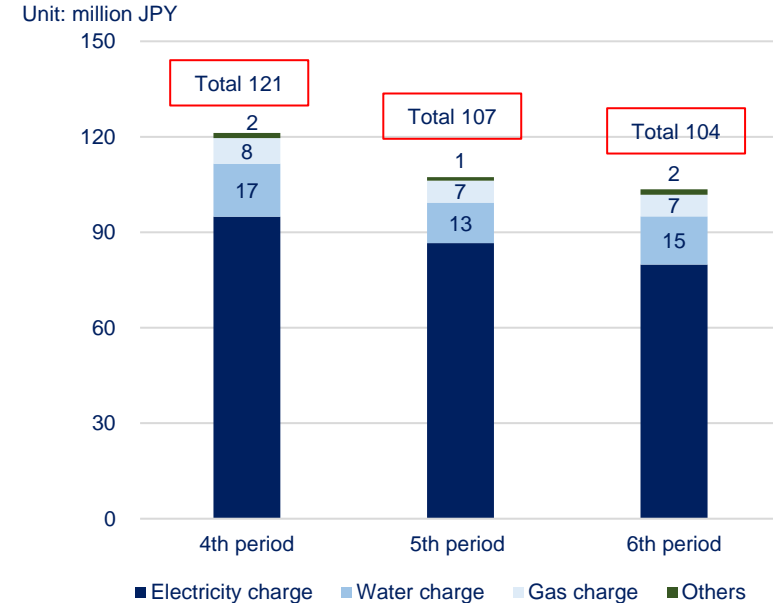
■ Implementation status of LED instruments (5th and 6th period)



Ratio is calculated based on area.

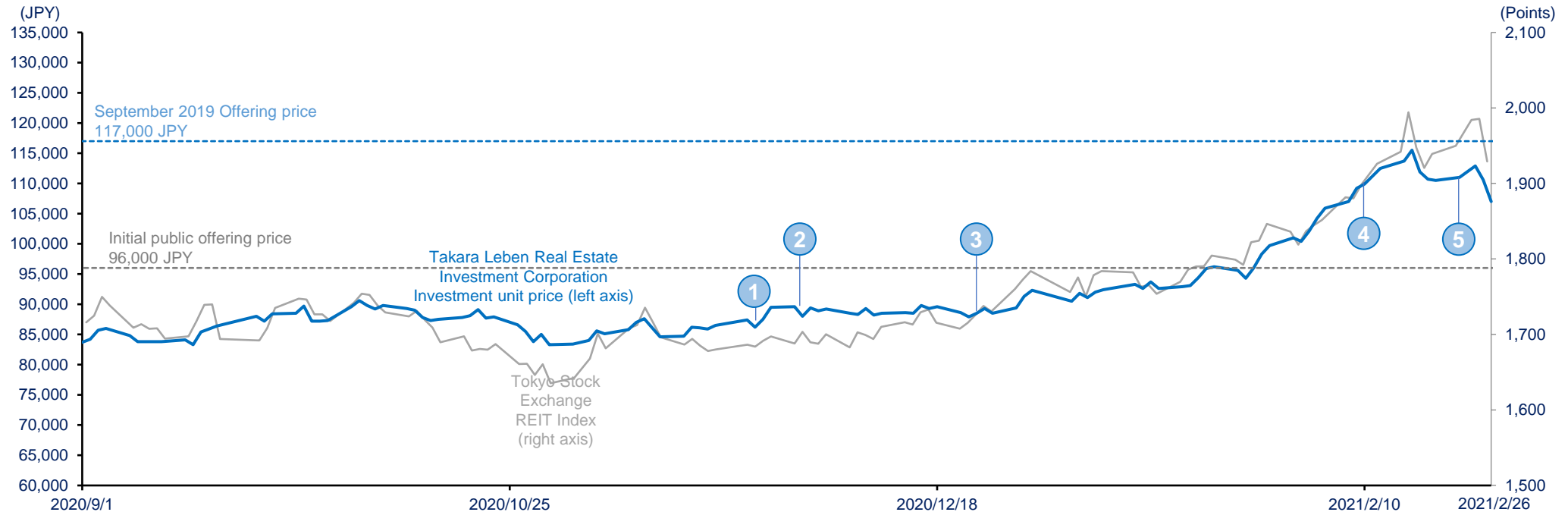
■ Trend in Utility Expenses (4th through 6th period)

- Utility expenses decreased in 6th period due to power supplier switch and installment of LED, etc., compared with 5th period and 4th period.



Note 1: Data from 25 properties owned during 4th through 6th period.

Note 2: Others include heating oil and hot water supply charges.



1

GRESB Real Estate Assessment "2 Star" (November 25, 2020)

- Acquired "2 Star" GRESB Rating
- Acquired Green Star designation in the 2020 GRESB Real Estate Assessment 2 consecutive year, indicating achieving high performance both in "Management Component" that evaluates policies and organizational systems for promoting ESG and "Performance Component" that assess environmental performance at owned properties and initiatives with tenants



2 3

Disposition of 3 properties (November 30 and December 23, 2020)

- Disposed on November 30, 2020 (②) Morioka Ekimae-dori Building, EME Koriyama Building
- Disposed on December 23, 2020 (③) Utsunomiya Central Building

4

Conclusion of lease agreement with the successor operator (February 10, 2021)

- Concluded a lease agreement with Solare Hotels and Resorts Co., Ltd. for the former Arietta Hotel Nagoya
- Hotel rebranded to ACCESS by LOISIR HOTEL Nagoya (March 15, 2021)

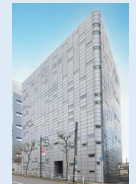
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Disclosure on the disposition of 1 property and the acquisition of 2 properties (February 22, 2021)

- Disposed Almost Blue (30% interest) (executed February 26, 2021)
- Disclosed the acquisition of "AEON STYLE Onomichi (Land)" (acquired on March 1, 2021) and "Yoyogi 1-chome Building" (scheduled to be acquired on April 30, 2021) utilizing a part of the proceeds from the disposal properties to date



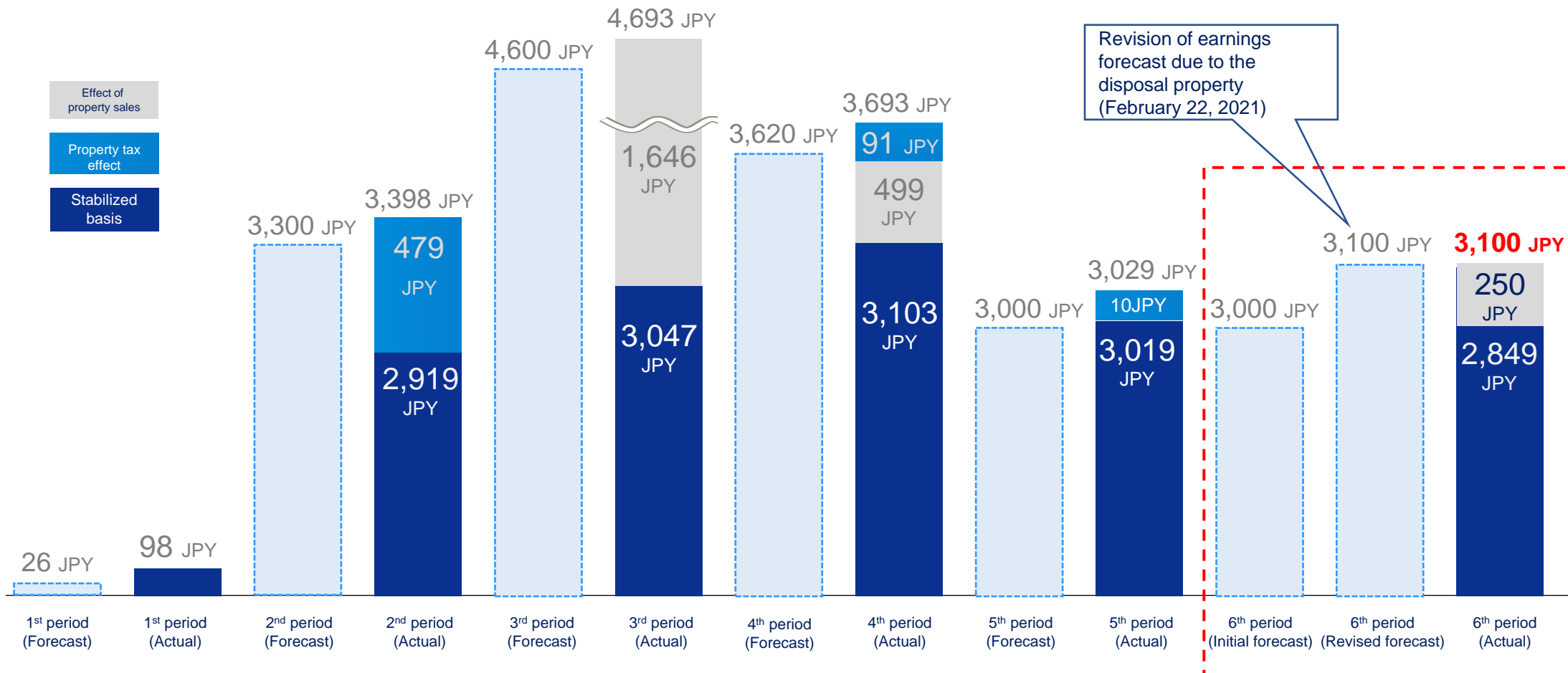
AEON STYLE Onomichi
(Land)



Yoyogi 1-chome
Building

Trend in Distribution per unit

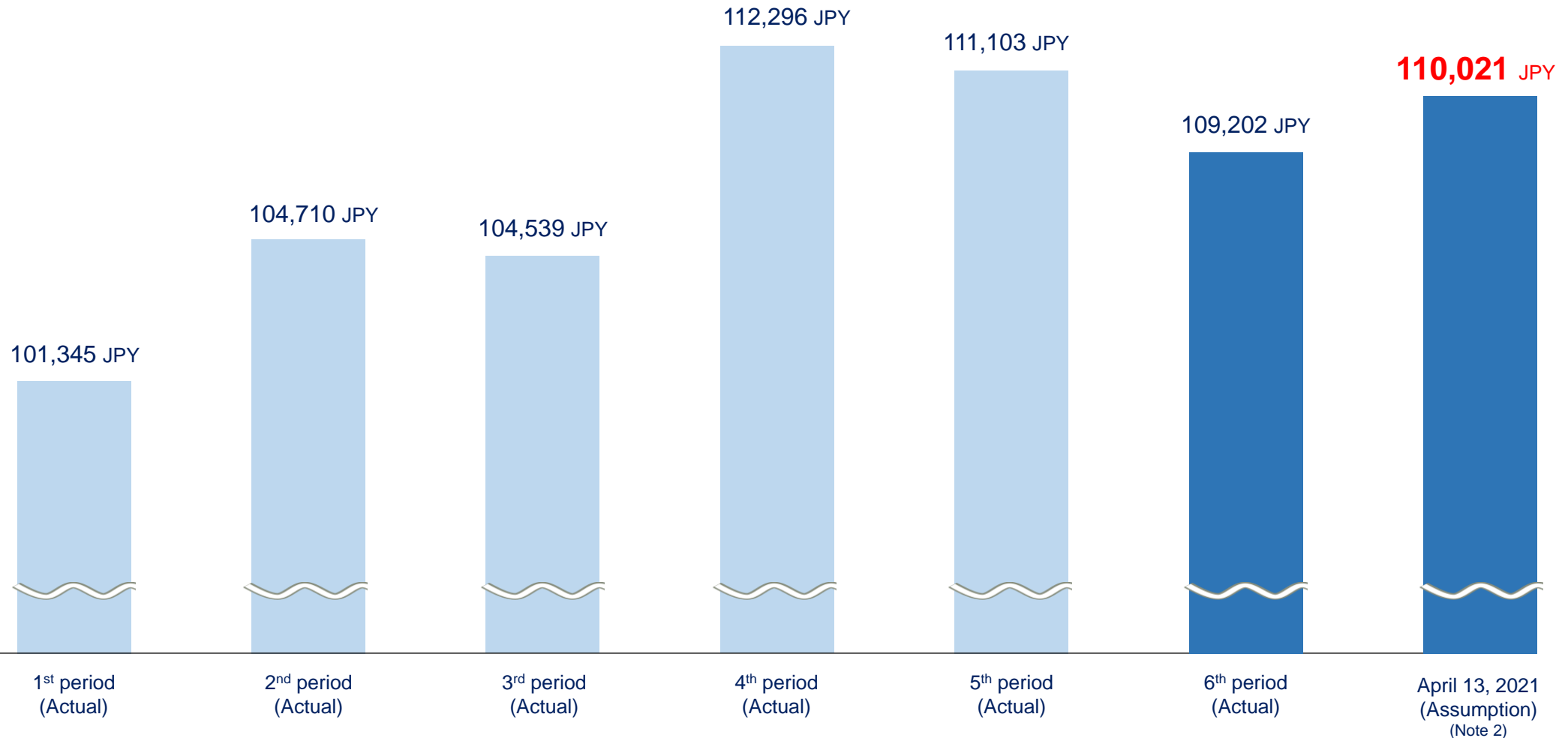
- Distribution per unit was 3,100 JPY, which was 100 JPY (+3.3%) over the initial forecast of 3,000JPY, and in line with the latest forecast of 3,100 JPY.
- Maintain distribution level in the 3,000 JPY range in the 6th fiscal period, utilizing gains on disposal properties



NOTE : The figures have been rounded down to the nearest JPY, so some portions do not equal the total amount.

Trend in NAV per unit

- The NAV per unit decreased to 109,202 JPY at the end of 6th period from 111,103 JPY at the end of the 5th fiscal period due to the disposal properties with the unrealized gain
- However, NAV is expected to recover to 110,021 JPY due to the acquisition of 5 properties (Note 1) in the 7th fiscal period utilizing proceeds from disposition of properties



(Note 1) 5 properties to be acquired and acquired are AEON STYLE Onomichi (Land), Yoyogi 1-chome Building, DCM Daiki Onomichi (Land), LUXENA KADOMA, and BIGMOTOR Sapporo Kiyota (Land).

(Note 2) Calculation of NAV per unit for April 13, 2021 is as follows;

NAV per unit at the end of the 6th fiscal period + (total appraisal value of 5 newly acquired properties-total acquisition price)-(appraisal value of Almost Blue 70% quasi-co-ownership interest disposed on March 19, 2021-book value) ÷ total number of investment units issued and outstanding at the end of the 6th fiscal period 462,500 units

Financial Indicators

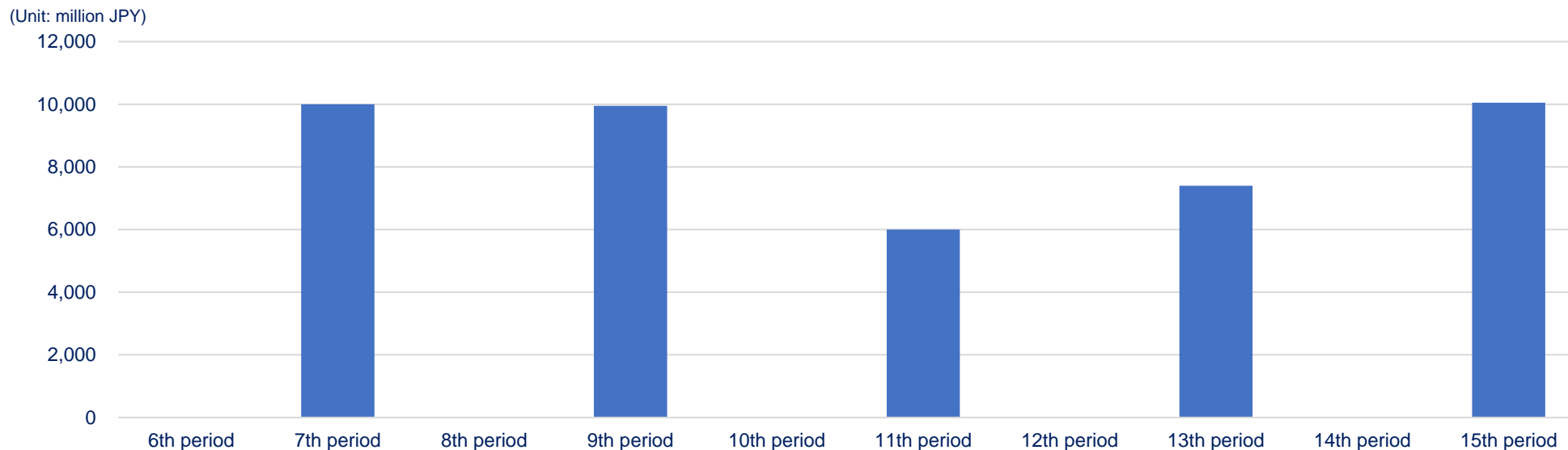
	Period ended February 28, 2019 (2 nd period)	Period ended August 31, 2019 (3 rd period)	Period ended February 29, 2020 (4 th period)	Period ended August 31, 2020 (5 th period)	Period ended February 28, 2021 (6 th period)
Interest-bearing debt (million JPY)	33,260	35,980	43,400	43,400	43,400
Total asset LTV	47.8%	49.5%	45.9%	45.9%	46.0%
Market value LTV	45.1%	46.8%	42.8%	43.1%	43.5%
Average interest rate	0.49%	0.47%	0.57%	0.63%	0.63%
Average borrowing period	2.5 years	2.2 years	3.2 years	3.9 years	3.9 years

Total assets LTV = Total interest-bearing debt at the end of the period/Total assets at the end of the period

Market value LTV = Interest-bearing debt at the end of the period/(Total assets at the end of the period + Total real estate appraisal value-Total book value of real estate, etc. at the end of the period)

Maturity Ladder

➤ Maturity ladder of current borrowings of 43,400 million JPY is diversified from 7th through 15th fiscal period (ending August 31, 2025)



Credit ratings

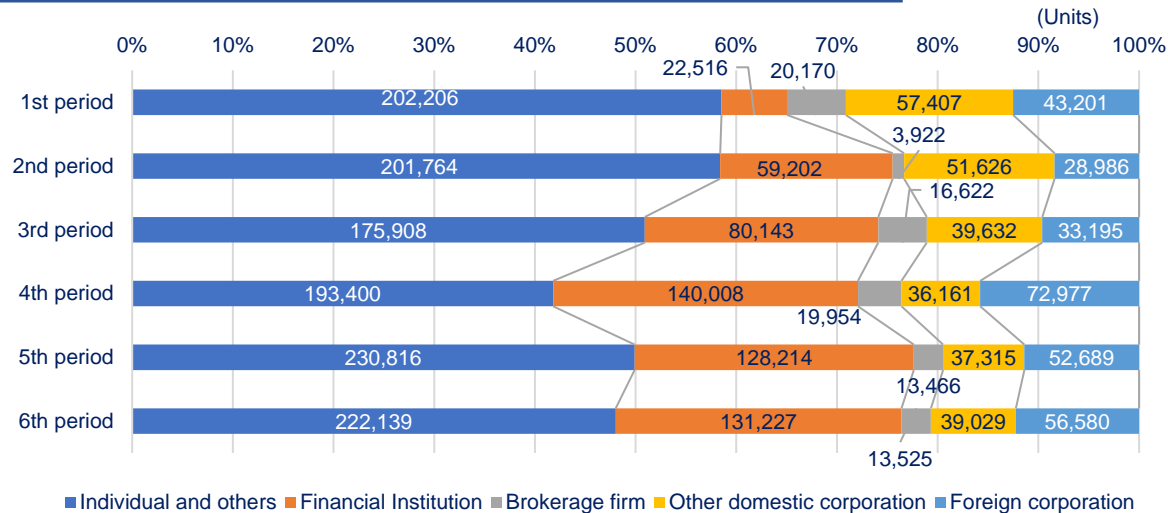
A-(Stable)

Rating and Investment Information, Inc.
(R&I)
(Rated on March 22, 2021)

A-(Stable)

Japan Credit Rating Agency, Ltd.
(Rated on June 18, 2020)

Number of investment units by unitholder type



Number of Unitholders by unitholder type

(Unit: People)

	Period ended August 31, 2018 (1 st period)		Period ended February 28, 2019 (2 nd period)		Period ended August 31, 2019 (3 rd period)		Period ended February 29, 2020 (4 th period)		Period ended August 31, 2020 (5 th period)		Period ended February 28, 2021 (6 th period)	
Individual and others	12,291	96.5%	14,827	97.1%	15,084	97.4%	18,455	97.3%	21,032	97.5%	22,221	97.5%
Financial institution	33	0.3%	35	0.2%	40	0.3%	43	0.2%	37	0.2%	35	0.2%
Brokerage firm	20	0.2%	26	0.2%	25	0.2%	25	0.1%	26	0.1%	24	0.1%
Other domestic corporation	359	2.8%	335	2.2%	260	1.7%	303	1.6%	324	1.5%	341	1.5%
Foreign corporation	36	0.3%	50	0.3%	74	0.5%	135	0.7%	150	0.7%	173	0.8%
Total	12,739	100.0%	15,273	100.0%	15,483	100.0%	18,961	100.0%	21,569	100.0%	22,794	100.0%

Major Investors (Top 10)

	Name	Number of unit owned (units)	Ownership (%)
1	The Master Trust Bank of Japan, Ltd. (Trust Account)	49,553	10.7
2	Custody Bank of Japan, Ltd. (Trust Account)	35,815	7.7
3	The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	16,365	3.5
4	Takara Leben Co., Ltd.	14,385	3.1
5	PAG JREIT CO-INVEST LIMITED	10,400	2.2
6	Custody Bank of Japan, Ltd.(Securities Investment Trust Account)	8,413	1.8
7	BNYM SA/NV FOR BNYM FOR BNYM GCM CLIENT ACCTS M ILM FE	5,991	1.3
8	Kinkisangyo Shinkumi Bank	5,590	1.2
9	Leben Community Co., Ltd.	5,200	1.1
10	SMBC Nikko Securities Inc.	5,086	1.1

- Aim to "maximize unitholder value," "create a sustainable environment," and "contribute to communities and society" through consideration for the environment (Environment), society (Society), and Governance in asset management operations

GRESB Assessment "Green Star"



Acquired "2 Star" GRESB Rating

Acquired Green Star designation in the 2020 GRESB Real Estate Assessment 2 consecutive year, indicating achieving high performance both in "Management Component" that evaluates policies and organizational systems for promoting ESG, and "Performance Component" that assess environmental performance at owned properties and initiatives with tenants

Evaluations by External Review Organizations

DBJ Green Building certification



NT Building

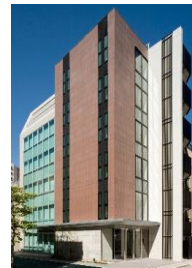


Higashi-Ikebukuro
Central Place

BELS assessment



Dormy Inn
Morioka



L.Biz Jimbocho



Dormy Inn
Matsuyama



ACCESS by
LOISIR HOTEL Nagoya



Hakata Gion
Building

Environmental Initiatives

LED conversion

(Example)

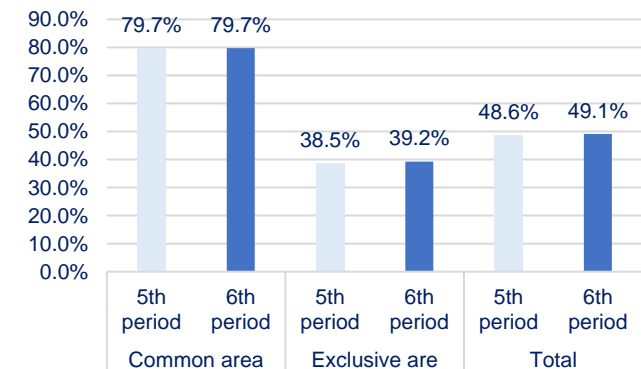


Higashi-Ikebukuro
Central Place
(Exclusive area)



Chuo Bakuromachi
Building
(Exclusive area)

(Status)



Note: Ratio is calculated based on area.

II. Investment Strategy for the 7th and 8th Fiscal Period

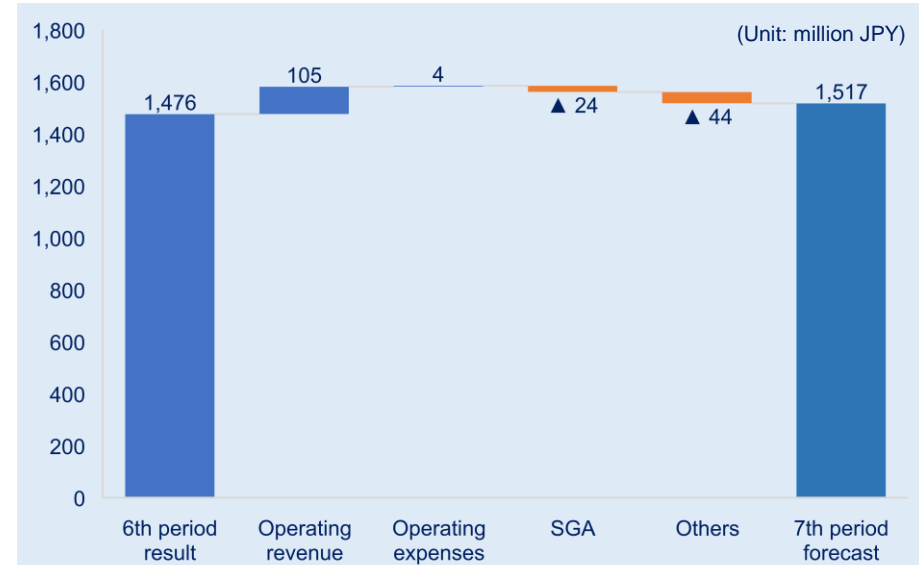
Financial Forecasts for 7th and 8th Fiscal Period

	6 th period Result	7 th period Forecast	Diff	Factors
Number of days in operation	181	184	+3	-
Operating Revenue (million JPY)	2,874	2,979	+105	+230 Increase in gain on disposal property +165 Increase in revenue from newly acquired properties ▲221 Decrease in revenue from properties disposed ▲69 Others
Operating Income (million JPY)	1,702	1,787	+85	+105 Increase in operating revenue +4 Decrease in rental expenses (administrative expenses, etc.) ▲24 Increase in SGA expenses (non-deductible consumption tax, etc.)
Ordinary Income (million JPY)	1,500	1,562	+62	+85 Increase in operating income ▲19 Decrease in tax refunds ▲4 Others
Net Income (million JPY)	1,476	1,517	+41	+62 Increase in ordinary income ▲20 Increase in income taxes
Total amount of distribution (millions JPY)	1,433	1,433	-	+41 Increase in net income ▲41 Retained earnings
Distribution per unit (incl. distribution in excess of earnings) (JPY)	3,100	3,100	-	Total number of investment units issued at the end of the period: 462,500 units

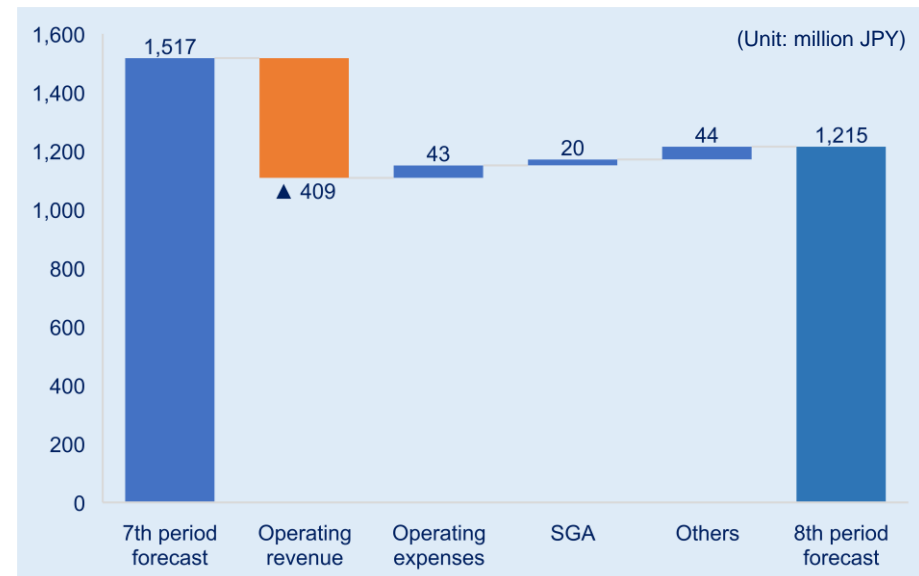
Forecast	7 th period	8 th period	Diff	Factors
Number of days in operation	184	181	▲ 3	-
Operating Revenue (million JPY)	2,979	2,570	▲409	▲416 Decrease in gain of disposition +29 Increase in revenue from newly acquired properties ▲22 Others
Operating Income (million JPY)	1,787	1,440	▲347	▲409 Decrease in operating revenue +43 Decrease in rental expenses (repair expenses, etc.) +20 Decrease in SGA expenses (management fees, etc.)
Ordinary Income (million JPY)	1,562	1,216	▲346	▲347 Decrease in operating income
Net Income (million JPY)	1,517	1,215	▲302	▲346 Decrease in ordinary income +44 Decrease in income taxes
Total amount of distribution (millions JPY)	1,433	1,341	▲93	▲302 Decrease in income +209 Distribution of retained earnings
Distribution per unit (incl. distribution in excess of earnings) (JPY)	3,100	2,900	▲200	Total number of investment units issued at the end of the period: 462,500 units

(NOTE) Figures are rounded down to the nearest million JPY, so totals may not add up.

Net income change (6th period result vs. 7th period forecast)



Net income change (7th period forecast vs. 8th period forecast)



Acquired (plan to acquire) properties

➤ Strengthen stable cash flow through acquisitions in the 7th fiscal period

Property name	R-10	O-19	C-07	C-08	C-09
	LUXENA KADOMA	Yoyogi 1-chome Building	AEON STYLE Onomichi (Land)	BIGMOTOR Sapporo Kiyota (Land)	DCM Daiki Onomichi (Land)
					
Asset type	Residence	Office	Retail and Others	Retail and Others	Retail and Others
Acquisition date (planned date of acquisition)	April 13, 2021	April 30, 2021	March 1, 2021	May 10, 2021	April 1, 2021
Acquisition price (million JPY)	2,000	1,850	900	1,610	1,170
Appraisal value (million JPY)	2,110	2,040	1,020	1,790	1,220
Address	Kadoma-shi, Osaka	Shibuya-ku, Tokyo	Onomichi City, Hiroshima	Kiyota-ku, Sapporo-shi, Hokkaido	Onomichi City, Hiroshima
Floors/Units	15 floors above ground/154 units	5 floors above ground	-	-	-
Completed	November 2020	July 2010	-	-	-
Access	3 minutes walk from Keihan Line and Osaka Monorail Kadomashi station	3 minutes walk from Yoyogi station on JR Yamanote Line, Chuo Line, Sobu Line, and Toei Oedo Line	7 minutes walk from Onomichi station on JR San-yo Line	Approx. 11km southeast of Sapporo station on JR Hakodate Main Line	5 minutes walk from Onomichi Station on the JR San-yo Line
Major tenants	Individual	Non-Disclosure	AEON Retail Co., Ltd.	BIGMOTOR Co., Ltd.	DCM Co., Ltd.

- Aiming for stable cash flow over the medium to long term, replacing properties newly built, high-yield, and long lease term tenants

Disposed 3 old regional offices 1 urban retail facility that realized internal growth	
Total disposition price	Average building age ^{(Note 1)(Note 2)}
10,407 million JPY	22.7 years
Average appraisal NOI yield after depreciation (Acquisition price basis)	Average lease term
4.14%	3.2 years
 <p>Morioka Ekimae-dori Building Morioka, Iwate Building age: 33.4 years (Note 1)</p>  <p>EME Koriyama Building Koriyama, Fukushima Building age: 32.5 years (Note 1)</p>  <p>Utsunomiya Central Building Utsunomiya, Tochigi Building age 25.0 years (Note 1)</p>  <p>Almost Blue Minato-ku, Tokyo Building age 18.6 years (Note 1)</p>	

(Note 1).Average building age and building age are as of the end of August 2020.

(Note 2) Average building age is the weighted average of acquisition prices of each property.

Asset
replacement



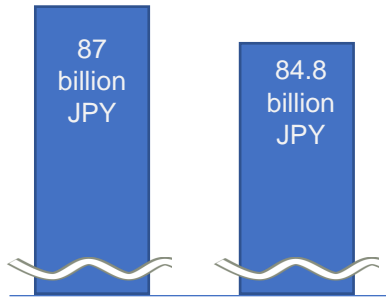
Acquisition of properties developed by sponsor with stable cash flows	
Total acquisition price	Average building age ^(Note3)
7,530 million JPY	5.5 years
Average appraisal NOI yield after depreciation (Acquisition price basis)	Average lease term
4.21%	16.4 years
 <p>LUXENA KADOMA Completed in November 2020</p>  <p>Yoyogi 1-chome Building Completed in July 2010</p>  <p>AEON STYLE Onomichi (Land)</p>  <p>BIGMOTOR Sapporo Kiyota (Land)</p>  <p>DCM Daiki Onomichi (Land)</p>	

(Note 3) Average building age of LUXENA KADOMA and Yoyogi 1-chome Building is calculated as of May 10, 2021.

- Indicator shows improvement of portfolio quality with the asset replacement

Asset size

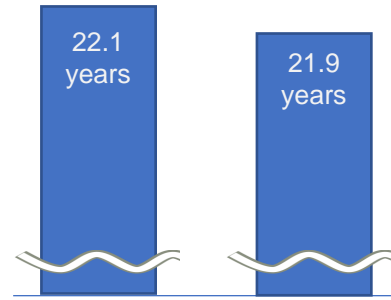
As of August 31, 2020 Completion of replacement (Note 1)



- As a result of the asset replacement still cash available for another acquisition in the amount of 2.5 billion JPY

Building age

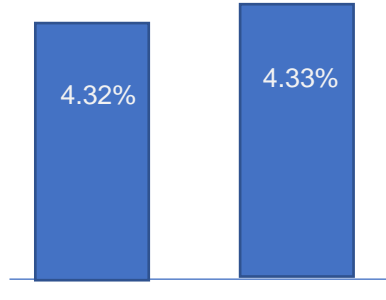
As of August 31, 2020 Completion of replacement (Note 1)



- Building age became younger through the disposition of old offices in Morioka, Koriyama, and Utsunomiya and the acquisition of newly developed property from the sponsor, Takara Leben

Appraisal NOI yield after depreciation

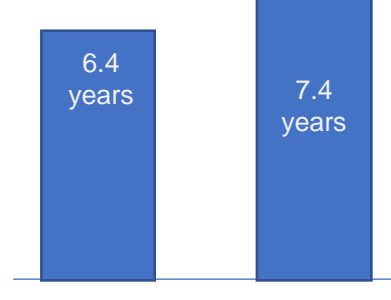
As of August 31, 2020 Completion of replacement (Note 1)



- Improved portfolio basis appraisal NOI yield after depreciation through disposition of 3 local offices, Morioka, Koriyama, Utsunomiya and acquisition of high yield retail land

Average lease term

As of August 31, 2020 Completion of replacement (Note 1)



- Increased tenant with long lease term, mainly retail tenants, contributed to lengthen average lease term for entire portfolio

(Note 1) Asset replacement date is May 10, 2021, planned to acquire BIGMOTOR Sapporo Kiyota (Land)

Investment by Asset Type

Guideline	70% or more in principle		Not more than 30%	
	Office	Residence	Hotel	Retail & others
Completion of replacement (Note 1)	71.8%			

Investment by Area

Guideline	70% or more in principle		Not more than 30%	
	Four major economic areas		Others	
Completion of replacement (Note 1)	76.7%			

(Note 2) The four major economic areas are the Tokyo Economic Area, the Nagoya Economic Area, the Osaka Economic Area, and the Fukuoka Economic Area.

Newly acquired properties (1)

LUXENA KADOMA

Residence



<Competitive building due to scarcity of highly graded facility for singles in the adjacent station area>

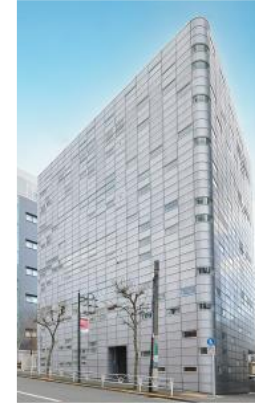
- This property is a residential building with 15 floors and 154 units developed by Takara Leben and was constructed in November 2020. This property is for single use and considered to be highly competitive due to its high convenience of three minutes walk from “Kadamashi” station on Keihan Line and Osaka Monorail and the high scarcity of new supply of residential building. At the same time, we can expect long-term, stable demand in Kadoma, where this property is located, due to the concentration of bases of manufacturing companies.

Outline of the property

Acquisition price	2,000 million JPY
Appraisal value	2,110 million JPY
Total floor area	4,482.16m ²
Appraisal NOI yield	4.8%
Appraisal NOI yield after depreciation	3.2%
Address	6-2 Motomachi, Kadoma, Osaka
Access	3 minutes walk from Kadamashi station on the Keihan Line
Usage	Residence
Completed	November 2020
Seller	Takara Leben Co., Ltd.
Acquisition date	April 13, 2021
Occupancy rate	98.8% (March 2021)

Yoyogi 1-chome Building (to be acquired on April 30, 2021)

Office



<Expected stable demand based on closeness to major terminal stations in the Tokyo Economic Area>

- This property is located 3 minutes walk from Yoyogi station on the JR Yamanote Line, Chuo-Sobu Line, and the Tokyo Metropolitan Metropolitan Oedo Line. It is a property with excellent access to Shinjuku Station, one of the main terminals in the Tokyo Economic Area and can be expected stable demand.

Outline of the property

Acquisition price	1,850 million JPY
Appraisal value	2,040 million JPY
Total floor area	823.75m ²
Appraisal NOI yield	4.0%
Appraisal NOI yield after depreciation	3.6%
Address	1-27-6 Yoyogi, Shibuya-ku, Tokyo
Access	3 minutes walk from Yoyogi station on the JR Yamanote Line, Chuo Line, Sobu Line, and Toei Oedo Line
Usage	Office
Completed	July 2010
Seller	THE SANKEI BUILDING CO., LTD.
Scheduled acquisition date	April 30, 2021
Occupancy rate	100.0% (March 2021)

Newly acquired properties (2)

AEON STYLE Onomichi (Land) and DCM Daiki Onomichi (Land)

Retail and
Others



<Properties in areas with solid demand>

- This property is the site of the former AEON Onomichi and was redeveloped by Takara Leben as a complex of condominium and retail facilities.
- This property has long lasting demand from tenants, supported by corporate demand for hardware, tools, coatings, construction materials, and other items as well as personal demand for daily necessities, etc.,
- We believe that the lease agreements with any of the tenants of this property will extend over a long period of time, thereby contributing to the stabilization of the Investment Corporation's revenue.

Outline of the property

Name	AEON STYLE Onomichi (Land)	DCM Daiki Onomichi (Land)
Acquisition price	900 million JPY	1,170 million JPY
Appraisal value	1,020 million JPY	1,220 million JPY
Total leased area	11,883.74m ²	7,955.81m ²
Address	17-50 Tenma-cho, Onomichi, Hiroshima	17-21 Tenma-cho, Onomichi, Hiroshima
Access	7 minutes walk from Onomichi station on the JR San-yo Line	5 minutes walk from Onomichi station on the JR San-yo Line.
Tenant	AEON Retail Co., Ltd.	DCM Co., Ltd.
Seller	Takara Leben Co., Ltd.	
Acquisition date	March 1, 2021	April 1, 2021

BIGMOTOR Sapporo Kiyota (Land)

Retail and
Others



<Locations with high demand>

- This property is located approximately 11km south-east of Sapporo station on the JR Hakodate Line, Chitose Line and Sasho Line. This property is located in an area of a rich population of market area, with various specialty stores, car dealers, restaurants, and other large stores. It also has extremely high visibility from roads and can be expected to provide stable demand.
- We believe that the long-term lease agreements with tenant will contribute to the stable earnings of the Investment Corporation.

Outline of the property

Acquisition price	1,610 million JPY
Appraisal value	1,790 million JPY
Total leased area	15,026.00m ²
Address	62-1, Shinei, Kiyota-ku, Sapporo-shi, Hokkaido
Access	Approx. 20 minutes (approx. 11 km) drive from Sapporo station Approx. 4 km up to the mid-highway expressway "Kita-Hiroshima IC"
Tenant	BIGMOTOR Co., Ltd.
Seller	Non-Disclosure
Scheduled acquisition date	May 10, 2021

External Growth Strategy

- Improve portfolio quality and stability
- Acquisition of properties through effective use of cash on hand
- Securing acquisition opportunities by granting preferential negotiation rights from bridge vehicles
- Securing acquisition opportunities through a sponsor pipeline from Takara Leben

Internal Growth Strategy

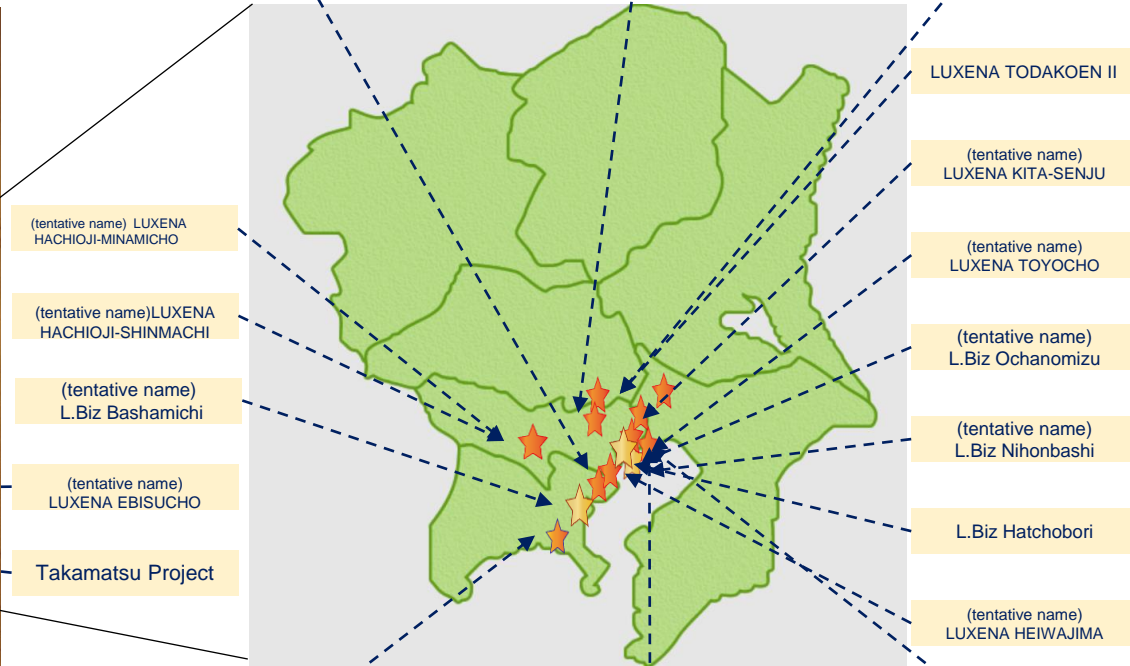
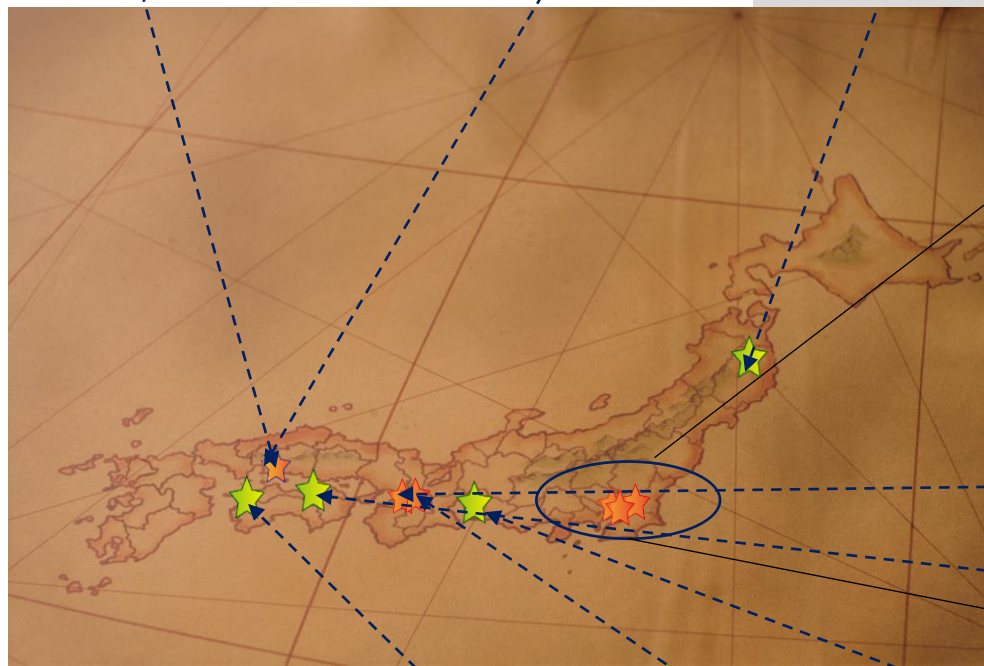
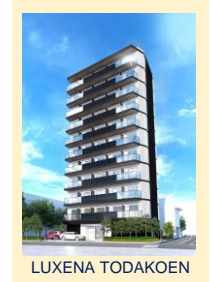
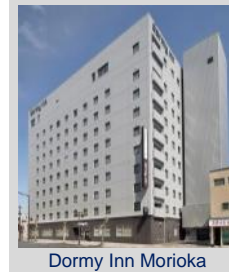
- Reduction of fixed costs by reviewing property management specifications and switching power suppliers, etc.
- Implementation of capital expenditures to improve property competitiveness

Financial Strategy

- Reduction of refinancing risk by lengthening and diversifying maturity ladder
- Responding to Interest Rate Fluctuation Risk by Fixing Interest Rates
- To diversify sources of funding

External Growth Strategy -Pipeline-

- A rich pipeline utilizing the development capabilities of the main sponsor, Takara Leben

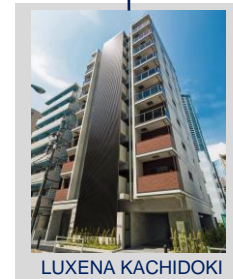
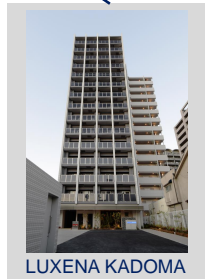
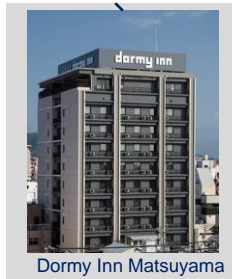


Properties developed by Takara Leben

- ★ Residence
- ★ Offices
- ★ Hotel
- ★ Retail

Properties acquired after development

Properties under development



(NOTE) Although the Investment Corporation has acquired preferential negotiating rights with respect to each of the properties described above, there is no guarantee that these properties will be acquired in the future.

Initiatives to Improve the Occupancy Rate

- Reduction of downtime mainly in offices other than the four major economic areas

Filling the rent gap

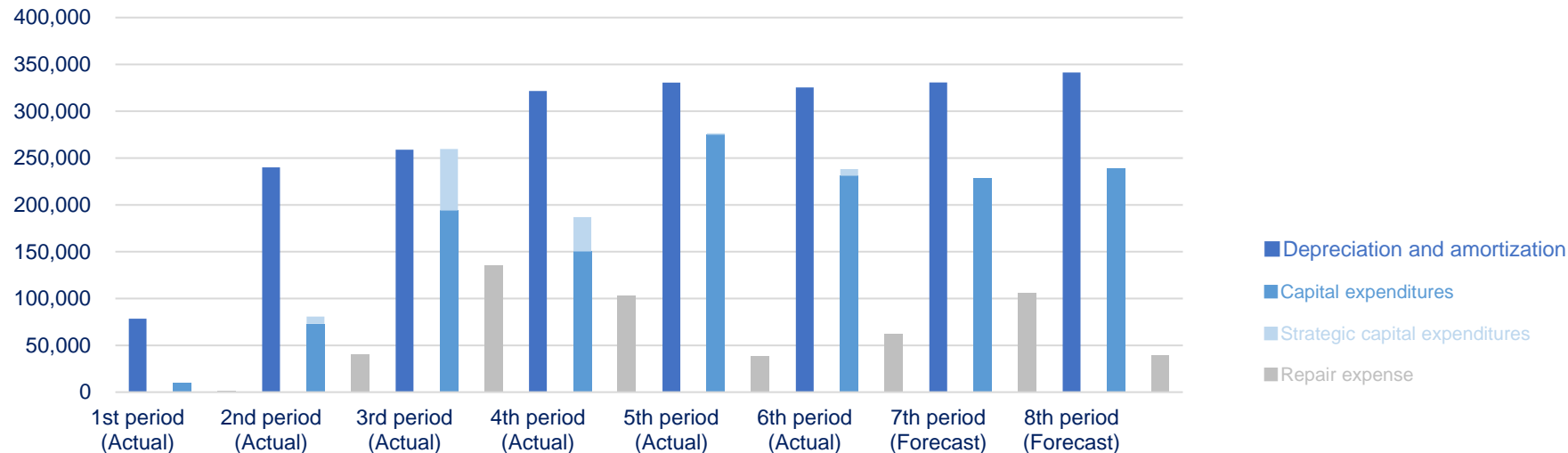
- There is room to fill the rent gap, particularly in the four major economic areas
- Filling the gap will be proceeded taking into account the impact of the COVID-19

Strategic capital expenditures

- Efficiently implement capital expenditures within the amount of depreciation and amortization
- Strategically invest in LEDs, etc., leading to higher rents and cost reductions for green leases, etc.

■ Capital Expenditures and Repair Expenses

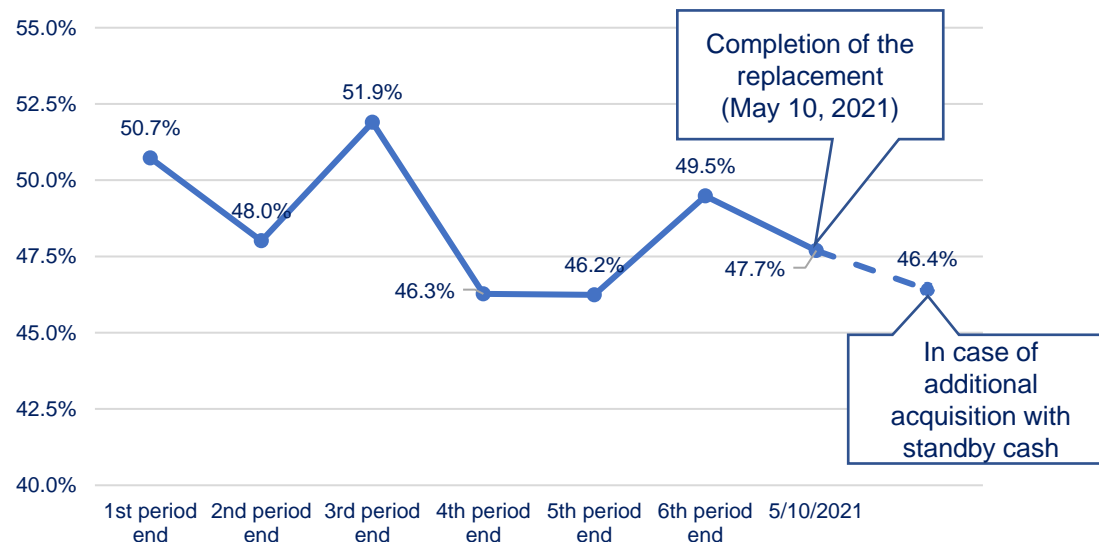
Unit: thousand JPY



Trends in appraisal LTV

- Flexible fund-raising with the goal of mid-40% LTV
- Appraisal LTV is expected to decrease to 47.7% as of May 10, 2021, when the asset replacement is completed
- Furthermore, with the 2.5 billion JPY additional acquisition using standby funds, the appraisal LTV is expected to decrease to 46.4%

Appraisal LTV



Appraisal LTV = Interest-bearing debt at the end of the period/Total appraised value of real estate, etc.

Acquisition of credit ratings

- Acquired issuer rating A-(direction: stable) from Rating and Investment Information, Inc. on March 22, 2021

Credit Ratings (As of April 13, 2021)

Rating agency	(long-term) issuer rating	Direction
Rating and Investment Information, Inc.	A-	Stable
Japan Credit Rating Agency, Ltd.	A-	Stable

Medium-term distribution target: **3,500JPY**

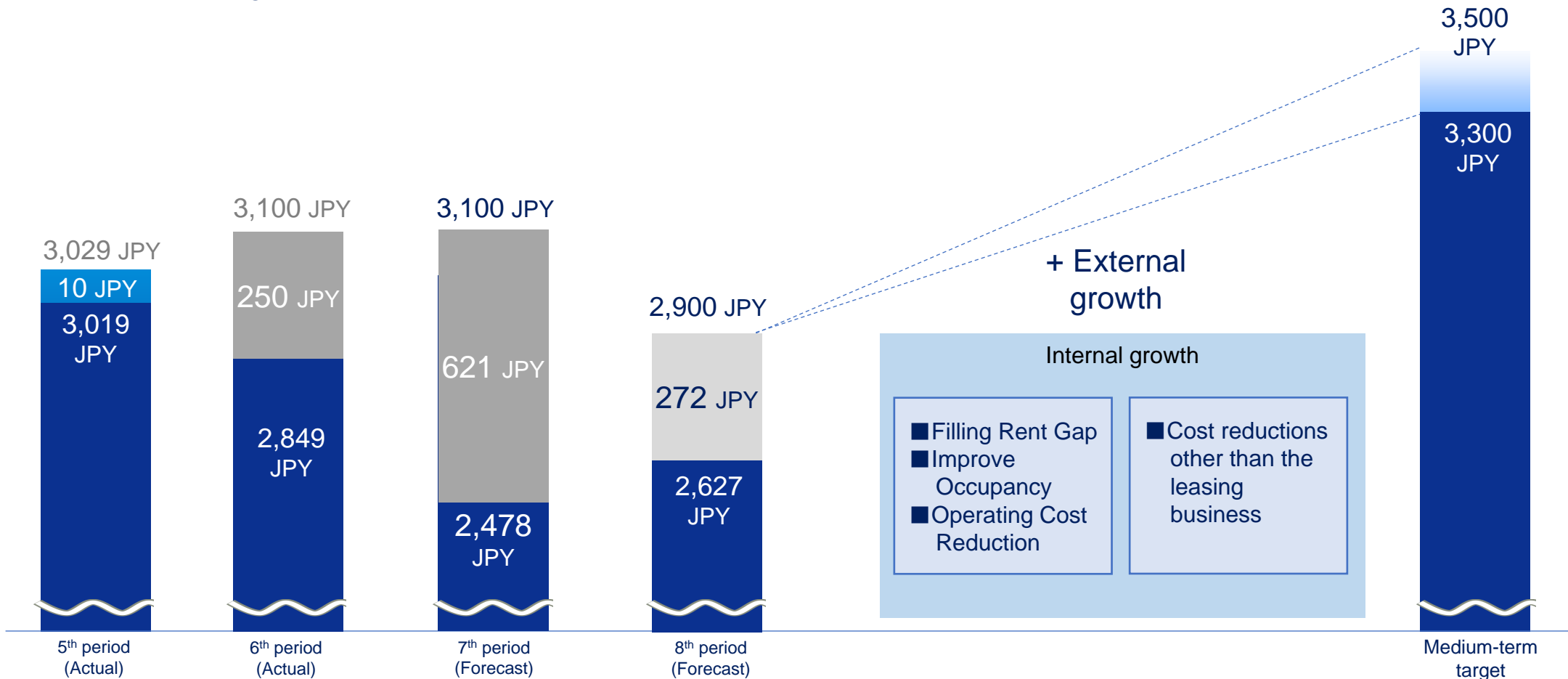
- Assuming that the impact of the COVID-19 will converge at an early stage, the level of the medium-term target will be maintained.
- 3,300 JPY for internal growth only
- Aiming for distribution of 3,500 JPY in consideration of external growth accompanied by public offering etc.

Effect of disposition of property

Reversal of retained earnings

Property tax effect

Stabilized basis



Note 1 : The amount calculated by dividing the amount of each item by the total number of investment units issued and outstanding has been rounded down to the nearest JPY, so some portions do not equal the total amount.

Note 2: Deferred hedge losses, a deduction of net assets, are assumed not to occur.

Business Contingency Plan

- Establishment and promotion of telework, flexible working hours, etc. for all officers and employees in order to prevent the spread of the COVID-19
- Conducted regular tests on PCR inspections for all officers and employees
- Employee satisfaction survey was conducted in March 2021. Identifying issues by the management
- Start introducing initiatives on cyber security issues and climate change issues as management risks
- Innovated and started operation of BCP and crisis management manual
- Continue proactive efforts for business continuity, such as disaster stockpiling and training

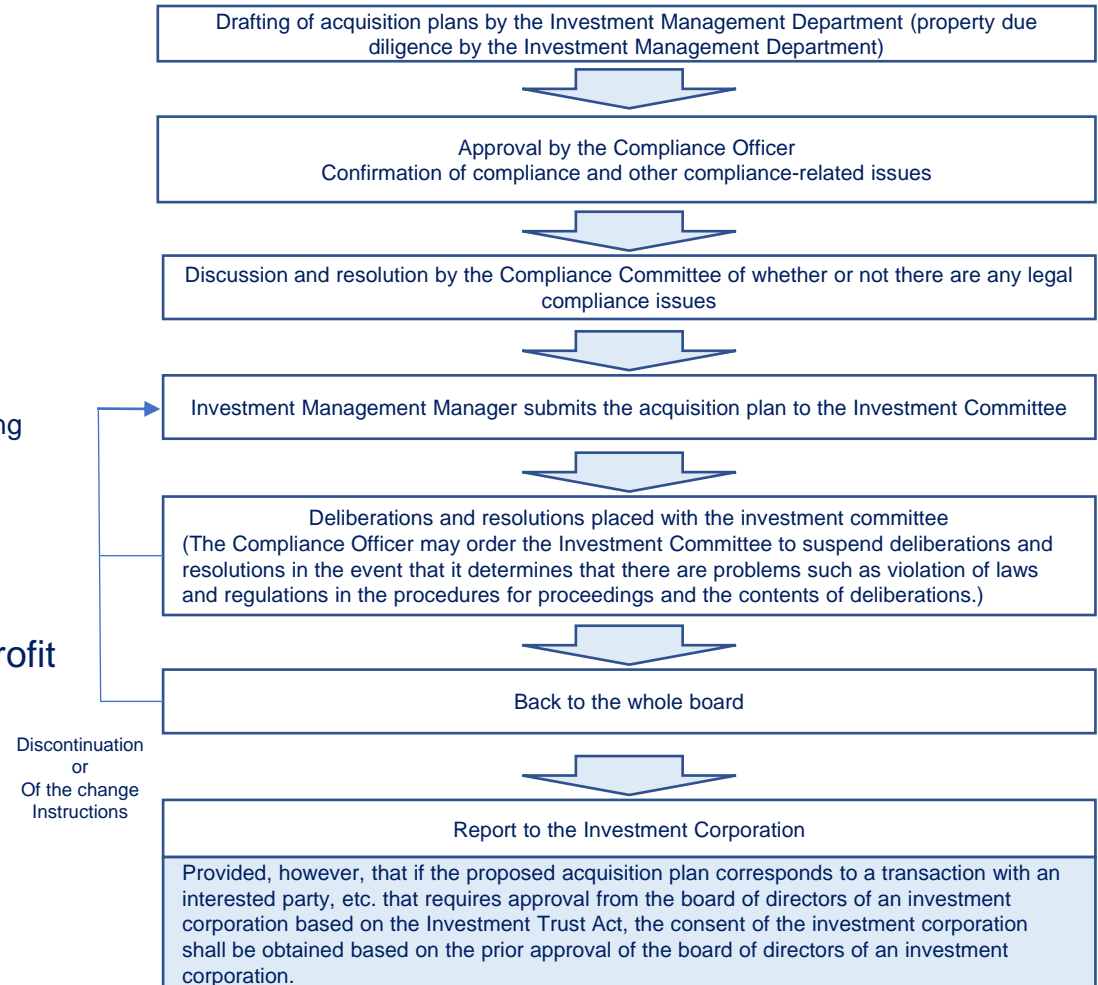
Asset management fee structure that maximizes unitholder profit

- Remuneration system: Remuneration based on asset size and profit scale, and remuneration based on acquisition activity are accepted, but remuneration is not accepted from the disposition activity itself.

Initiatives to Strengthen Governance

- Conducted regular in-house training (compliance training and ESG training) with the participation of all officers and employees

Decision-Making Flow on Acquisition from Related Parties



III. Appendix

Occupancy Rate (Office and Residence)

(Unit: %)

Asset type	Premises Number	Property name	End of August 2020	End of September 2020	End of October 2020	End of November 2020	End of December 2020	End of January 2021	End of February 2021
Office	O-01	NT Building	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	O-02	Higashi-Ikebukuro Central Place	100.0	100.0	100.0	100.0	100.0	100.0	98.3
	O-03	Nagoya Center Plaza Building	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	O-05	Omiya NSD Building	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	O-06	SAMTY Shin-Osaka Center Building	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	O-07	Hakata Gion Building	100.0	100.0	100.0	100.0	100.0	97.2	100.0
	O-08	Chuo Bakuromachi Building	98.2	98.2	98.2	90.7	100.0	100.0	100.0
	O-09	L.Biz Jimbocho	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	O-10	Shinsaibashi Building	83.3	66.6	83.3	100.0	86.2	86.2	86.2
	O-11	L.Biz Sendai	98.0	98.0	98.0	98.0	98.0	98.0	98.0
	O-12	Sendai Nikko Building	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	O-14	Nagano Central Building	87.1	97.2	97.2	97.2	97.2	97.2	97.2
	O-17	Yamagata Ekimae-dori Building	71.9	71.9	71.9	71.9	71.9	71.9	71.9
	O-18	Akasaka Kawase Building	86.4	86.4	91.2	91.2	91.2	91.2	91.2
	Total offices		97.4	97.6	97.9	97.7	98.1	97.9	97.9
Residence	R-01	Amare Tokaidori	92.7	92.7	90.7	91.7	91.7	93.9	94.9
	R-02	Dormy Ukimafunado	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	R-03	Benefis Hakata-Minami Grand Sweet	98.8	98.8	96.3	96.3	96.3	97.5	97.5
	R-04	LUXENA HIGASHI-KOENJI	97.4	94.1	93.1	98.2	88.7	87.8	91.3
	R-05	Alpha Space Toritsudai	90.1	90.1	100.0	90.1	90.1	90.1	90.1
	R-06	J City Hatchobori	93.7	93.7	94.9	94.9	94.9	93.0	94.2
	R-07	LUXENA HEIWADAI	97.2	98.3	97.2	98.2	98.5	97.7	97.3
	R-08	LUXENA KACHIDOKI	96.1	100.0	100.0	100.0	96.4	100.0	100.0
	R-09	LUXENA HON-ATSUGI	83.4	86.2	95.9	95.9	95.9	95.9	93.1
	Total residence		95.4	95.9	96.1	96.4	95.7	95.8	96.1

Occupancy Rate (Hotel and Retail)

(Unit: %)

Asset type	Premises Number	Property name	End of August 2020	End of September 2020	End of October 2020	End of November 2020	End of December 2020	End of January 2021	End of February 2021
Hotel	H-01	Dormy Inn Matsuyama	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	H-02	Hotel Sunshine Utsunomiya	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	H-03	Dormy Inn Morioka	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	H-04	ACCESS by LOISIR HOTEL Nagoya (Note 2)	100.0	100.0	0.0	0.0	0.0	0.0	0.0
	Hotel total		100.0	100.0	85.9	85.9	85.9	85.9	86.2
Retail And Others	C-01	Prio Daimyo II	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	C-02	Co-op Sapporo Shunko	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	C-03	TA Shonan Kugenumakaigan	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	C-05	Kaden Sumairu Kan YAMADA Matsuyama Toiyacho	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	C-06	Kaden Sumairu Kan YAMADA KobeTarumi (Land)	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	Total Retaill and Others		100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total portfolio			98.1	98.3	96.7	96.6	96.6	96.6	96.6

(Note 1) C-04 Almost Blue is not included in the above table because the transfer was completed as of March 19, 2021.

(Note 2) The name was changed to ACCESS by LOISIR HOTEL Nagoya on March 15, 2021.

Asset type	Property number	Property name	Acquisition price (in million)	Period end book value (in million)	5 th Fiscal Period			6 th Fiscal Period			Difference			Appraisal value - book value (in million)
					Appraisal value (in million)	Appraisal NOI (in million)	Cap rate	Appraisal value (in million)	Appraisal NOI (in million)	Cap rate	Appraisal value (in million)	Appraisal NOI (in million)	Cap rate	
Office	O-01	NT Building	12,350	12,430	13,400	556	3.9	13,400	555	3.9	-	▲0	-	969
	O-02	Higashi-Ikebukuro Central Place	9,780	9,888	10,600	426	3.9	10,600	427	3.9	-	0	-	711
	O-03	Nagoya Center Plaza Building	4,870	5,106	4,900	264	4.9	4,880	263	4.9	▲20	▲0	-	▲226
	O-05	Omiya NSD Building	3,493	3,516	3,950	191	4.6	3,960	192	4.6	10	0	-	443
	O-06	SAMTY Shin-Osaka Center Building	3,450	3,417	3,610	177	4.4	3,600	177	4.4	▲10	-	-	182
	O-07	Hakata Gion Building	2,500	2,482	2,780	123	4.3	2,780	123	4.3	-	0	-	297
	O-08	Chuo Bakuromachi Building	1,485	1,484	1,940	90	4.2	1,920	90	4.2	▲20	▲0	-	435
	O-09	L.Biz Jimbocho	1,006	1,017	1,140	45	3.8	1,140	45	3.8	-	0	-	122
	O-10	Shinsaibashi Building	772	764	777	39	4.3	777	39	4.3	-	0	-	12
	O-11	L.Biz Sendai	1,680	1,654	1,840	94	4.7	1,830	95	4.7	▲10	0	-	175
	O-12	Sendai Nikko Building	1,740	1,754	1,800	88	4.3	1,800	88	4.3	-	0	-	45
	O-14	Nagano Central Building	898	917	993	64	5.7	952	62	5.7	▲41	▲2	-	34
	O-17	Yamagata Ekimae-dori Building	600	593	683	45	5.7	651	43	5.7	▲32	▲1	-	57
	O-18	Akasaka Kawase Building	690	713	730	28	3.6	734	29	3.6	4	0	-	20
Office Total/Average			45,315	45,744	49,143	2,238	-	49,024	2,235	-	▲119	▲3	-	3,279
Residence	R-01	Amare Tokaidori	1,100	1,074	1,240	60	4.6	1,230	60	4.6	▲10	▲0	-	155
	R-02	Dormy Ukimafunado	1,080	1,093	1,140	57	4.5	1,140	57	4.5	-	-	-	46
	R-03	Benefis Hakata-Minami Grand Sweet	1,032	1,015	1,110	55	4.7	1,120	55	4.6	10	▲0	▲0.1	104
	R-04	LUXENA HIGASHI-KOENJI	1,060	1,072	1,080	45	4.0	1,090	44	3.9	10	▲0	▲0.1	17
	R-05	Alpha Space Toritsudai	589	594	621	27	3.9	622	27	3.9	1	0	-	27
	R-06	J City Hatchobori	1,200	1,198	1,290	64	4.8	1,280	64	4.8	▲10	▲0	-	81
	R-07	LUXENA HEIWADAI	3,910	3,901	4,350	181	4.0	4,350	181	4.0	-	▲0	-	448
	R-08	LUXENA KACHIDOKI	1,120	1,116	1,250	48	3.8	1,280	48	3.7	30	-	▲0.1	163
	R-09	LUXENA HON-ATSUGI	705	720	740	38	4.8	744	38	4.8	4	0	-	23
Total Residence /Average			11,796	11,787	12,821	579	-	12,856	578	-	35	▲0	-	1,068

Asset type	Property number	Property name	Acquisition price (in million)	Period end book value (in million)	5 th Fiscal Period			6 th Fiscal Period			Difference			Appraisal value - book value (in million)
					Appraisal value (in million)	Appraisal NOI (in million)	Cap rate	Appraisal value (in million)	Appraisal NOI (in million)	Cap rate	Appraisal value (in million)	Appraisal NOI (in million)	Cap rate	
Hotel	H-01	Dormy Inn Matsuyama	2,427	2,348	2,550	131	5.0	2,550	131	5.0	-	-	-	201
	H-02	Hotel Sunshine Utsunomiya	2,000	2,108	2,080	116	5.1	2,070	116	5.1	▲10	-	-	▲38
	H-03	Dormy Inn Morioka	2,520	2,468	2,530	128	4.9	2,570	130	4.9	40	1	-	101
	H-04	ACCESS by LOISIR HOTEL Nagoya (Note 2)	2,500	2,492	2,170	108	4.2	2,180	108	4.2	10	0	-	▲312
Hotel Total/Average			9,447	9,417	9,330	485	-	9,370	487	-	40	1	-	▲47
Retail and other assets	C-01	Prio Daimyo II	980	991	1,120	46	4.0	1,120	46	4.0	-	-	-	128
	C-02	Co-op Sapporo Shunko	1,036	1,032	1,100	70	6.2	1,100	70	6.2	-	-	-	67
	C-03	TA Shonan Kugenumakaigan	500	507	570	27	4.7	570	27	4.7	-	0	-	62
	C-05	Kaden Sumairu Kan YAMADA Matsuyama Toiyacho	4,030	4,036	4,410	300	6.8	4,410	300	6.8	-	0	-	373
	C-06	Kaden Sumairu Kan YAMADA KobeTarumi (Land)	4,227	4,277	4,420	208	4.7	4,370	208	4.8	▲50	-	0.1	92
Total / Average of Retail and Other assets			10,773	10,845	11,620	652	-	11,570	652	-	▲50	0	-	724
Total / Average of the Portfolio			77,331	77,795	82,914	3,955	-	82,820	3,954	-	▲94	▲1	-	5,024

(Note 1) C-04 Almost Blue is not included in the above table because the transfer was completed as of March 19, 2021.

(Note 2) The name was changed to ACCESS by LOISIR HOTEL Nagoya on March 15, 2021.

6th Fiscal Period Balance Sheets

<Assets> (Unit: thousand JPY)	5 th fiscal period	6 th fiscal period
Current assets		
Cash and deposits	4,397,467	9,815,530
Cash and deposits in trust	1,820,275	1,633,984
Account receivable	81,477	68,991
Prepaid expenses	161,627	141,760
Other current assets	3,968	5,204
Total current assets	6,464,817	11,665,471
Fixed assets		
Tangible fixed assets		
Buildings, net	2,482,648	2,453,225
Structures, net	9,404	9,315
Machinery and equipment, net	45,163	43,975
Tools, furniture and fixtures	1,422	5,950
Land	1,941,786	1,941,786
Buildings in trust, net	20,214,739	18,103,023
Structures in trust, net	68,654	66,980
Tools, furniture and fixtures in trust, net	18,083	18,801
Land in trust	62,084,806	59,240,117
Construction in progress in trust	-	718
Total tangible assets	86,866,710	81,883,896
Intangible assets		
Leasehold in trust	757,993	530,595
Software	3,575	3,025
Total intangible assets	761,568	533,620
Investments and other assets		
Long-term prepaid expenses	314,579	255,546
Deferred tax assets	15	2,145
Security deposits	11,000	11,000
Other assets	10	10
Total investments and other assets	325,605	268,701
Total fixed assets	87,953,883	82,686,217
Deferred assets		
Investment unit issuance costs	47,897	28,447
Total deferred assets	47,897	28,447
Total assets	94,466,599	94,380,136

<Liabilities> (Unit: thousand JPY)	5 th fiscal period	6 th fiscal period
Current liabilities		
Operating Accounts payable	263,922	226,592
Current portion of long-term loans payable	10,000,000	10,000,000
Current portion of tenant leasehold and security deposit in trust	50,973	50,973
Accounts payable	179,395	184,653
Accrued expenses	16,172	15,940
Income taxes payable	930	26,793
Consumption tax payable	117,180	319,699
Advances received	14,901	11,196
Derivative liabilities	10,301	3,865
Other current liabilities	4,421	5,970
Total current liabilities	10,658,200	10,845,683
Non-current liabilities		
Long-term loans payable	33,400,000	33,400,000
Tenant leasehold and security deposits	112,236	114,695
Tenant leasehold and security deposits in trust	3,636,234	3,277,646
Asset retirement obligations	87,966	88,298
Derivative liabilities	18,404	9,237
Total non-current liabilities	37,254,841	36,889,877
Total liabilities	47,913,041	47,735,560
<Net assets> (Unit: thousand JPY)		
Unitholders' equity		
Unitholders' capital	45,189,272	45,189,272
Deduction from unitholders' capital		
Allowance for temporary difference adjustment	△ 68,263	△ 36,882
Total deduction from unitholders' capital	△ 68,263	△ 36,882
Unitholders' capital, net	45,121,008	45,152,389
Surplus		
Retained earnings	1,461,254	1,505,288
Total surplus	1,461,254	1,505,288
Total unitholders' equity	46,582,262	46,657,677
Valuation and translation adjustments		
Deferred gains or losses on hedges	△ 28,705	△ 13,102
Total valuation and translation adjustments	△ 28,705	△ 13,102
Total net assets	46,553,557	46,644,575
Total liabilities and net assets	94,466,599	94,380,136

6th Fiscal Period Statements of Income / Statements of Cashflow

<Income Statement> (Unit: thousand JPY)	5 th fiscal period	6 th fiscal period
Operating revenues		
Rental revenue	2,571,893	2,508,637
Other rental revenue	155,903	179,152
Gain on sales of real estate properties	23,114	186,233
Total operating revenue	2,750,910	2,874,022
Operating expenses		
Expenses related to property rental business	917,393	915,785
Loss on sales of real estate property	-	3,029
Asset management fee	144,736	149,329
Asset custody and administrative service fees	17,952	18,432
Directors' compensation	2,400	2,400
Taxes and dues	15,931	24,621
Other operating expenses	41,208	57,669
Total operating expenses	1,139,622	1,171,268
Operating income	1,611,288	1,702,753
Non-operating income		
Interest income	30	37
Refund of property taxes	-	19,922
Income from insurance claim	-	817
Others	92	-
Total non-operating income	122	20,778
Non-operating expenses		
Interest expenses	125,873	135,940
Borrowing related expenses	66,108	67,143
Amortization of investment unit issuance costs	19,450	19,450
Total non-operating expenses	211,432	222,535
Ordinary income	1,399,979	1,500,997
Income before income taxes	1,399,979	1,500,997
Income taxes		
Income taxes-current	935	26,798
Income taxes-deferred	4	▲2,129
Total income taxes	939	24,669
Net income	1,399,039	1,476,327
Retained earnings broughtforward	62,215	28,961
Unappropriated retained earnings	1,461,254	1,505,288

<Statement of Cash Flows> (Unit: thousand JPY)	5 th fiscal period	6 th fiscal period
Cash flows provided by (used in) operating activities		
Income before income taxes	1,399,979	1,500,997
Depreciation	331,127	326,007
Amortization of investment unit issuance costs	19,450	19,450
Borrowing related expenses	60,473	61,192
Interest income	▲30	▲37
Interest expense	125,873	135,940
Decrease (increase) in operating accounts receivable	2,374	10,372
Decrease (increase) in consumption tax receivable	110,757	-
Increase (decrease) in consumption tax payable	117,180	202,519
Decrease (increase) in prepaid expenses	▲9,652	8,524
Decrease (increase) in long-term prepaid expenses	7,552	9,232
Increase (decrease) in operating accounts payable	24,839	▲32,356
Increase (decrease) in accounts payable	1,805	5,873
Increase (decrease) in advances received	6,721	▲3,705
Decrease due to disposal of properties	23,115	5,116,480
Others	11,085	▲2,670
Sub total	2,232,655	7,357,820
Interest income received	30	37
Interest expenses paid	▲122,222	▲136,173
Income taxes paid	▲223	▲936
Net cash provided by operating activities	2,110,239	7,220,748
Cash flows provided by (used in) investing activities		
Purchases of property, plant and equipment	▲731,935	▲6,194
Purchase of property, plant and equipment in trust	▲170,988	▲322,127
Proceeds from tenant leasehold and security deposits received	2,247	▲79
Repayments of tenant leasehold and security deposits	▲790	▲347
Proceeds from tenant leasehold and security deposits in trust	2,636	2,484
Repayments of tenant leasehold and security deposits in trust	4,715	▲12,743
Net cash used in investing activities	▲894,114	▲339,008
Cash flows provided by (used in) financing activities		
Proceeds from long-term loans	14,835,028	-
Repayments of long-term loans	▲15,000,000	-
Payments for loan-related expenses	-	▲665
Distributions paid	▲1,708,178	▲1,400,012
Net cash used in financing activities	▲1,873,149	▲1,400,678
Net increase (decrease) in cash and cash equivalents	▲657,024	5,481,061
Cash and cash equivalents at the beginning of the period	4,215,156	3,558,132
Cash and cash equivalents at the end of the period	3,558,132	9,039,193

Profit and Loss by Property

(Unit: thousand JPY)

Property name	O-01	O-02	O-03	O-05	O-06
	NT Building	Higashi-Ikebukuro Central Place	Nagoya Center Plaza Building	Omiya NSD Building	SAMTY Shin-Osaka Center Building
					
① Lease business revenue	341,086	275,400	200,510	131,461	112,644
Lease business revenue	317,854	244,850	174,581	123,462	103,221
Other lease business revenue	23,232	30,550	25,929	7,998	9,422
② Operating expenses from real estate leasing	66,950	40,959	67,575	28,682	25,993
Management fee	20,266	12,515	23,272	11,786	8,336
Utilities expenses	20,501	12,733	18,890	5,718	6,613
Taxes and dues	22,603	14,521	15,584	7,854	9,380
Insurance premium	513	302	464	160	186
Repair expenses	2,619	474	8,723	2,798	1,038
Trust fee	400	375	300	300	400
Other expenses	47	37	340	64	38
③ NOI(①-②)	274,136	234,441	132,934	102,779	86,651
④ Depreciation	37,323	26,895	23,680	6,944	10,959
⑤ Operating income (loss) from real estate leasing (③-④)	236,813	207,545	109,253	95,834	75,691
⑥ Acquisition price	12,350,000	9,780,000	4,870,000	3,493,900	3,450,000
⑦ NOI yield(%・Annualized)	4.48	4.83	5.50	5.93	5.06

Profit and Loss by Property

(Unit: thousand JPY)

Property name	O-07	O-08	O-09	O-10	O-11
	Hakata Gion Building	Chuo Bakuromachi Building	L.Biz Jimbocho	Shinsaibashi Building	L.Biz Sendai
					
① Lease business revenue	92,330	67,468	26,944	30,911	67,633
Lease business revenue	83,563	57,810	26,527	20,275	60,129
Other lease business revenue	8,766	9,657	416	10,635	7,503
② Operating expenses from real estate leasing	24,065	26,841	3,975	20,296	20,647
Management fee	7,416	7,314	1,866	9,092	8,194
Utilities expenses	5,765	5,522	-	2,450	5,009
Taxes and dues	7,417	7,913	1,737	4,426	5,029
Insurance premium	138	145	25	71	148
Repair expenses	2,888	5,501	14	3,431	1,928
Trust fee	400	400	300	400	300
Other expenses	40	44	32	423	37
③ NOI(①-②)	68,265	40,627	22,968	10,614	46,986
④ Depreciation	11,448	4,185	2,780	3,336	8,771
⑤ Operating income (loss) from real estate leasing (③-④)	56,816	36,441	20,187	7,277	38,214
⑥ Acquisition price	2,500,000	1,485,100	1,006,000	772,000	1,680,000
⑦ NOI yield(%・Annualized)	5.51	5.52	4.60	2.77	5.64

Profit and Loss by Property

(Unit: thousand JPY)

Property name	O-12	O-14	O-17	O-18	R-01
	Sendai Nikko Building	Nagano Central Building	Yamagata Ekimae-dori Building	Akasaka Kawase Building	Amare Tokaidori
					
① Lease business revenue	67,856	51,028	30,193	17,363	37,552
Lease business revenue	61,915	47,518	26,237	16,214	36,038
Other lease business revenue	5,941	3,510	3,955	1,149	1,513
② Operating expenses from real estate leasing	19,435	18,093	15,232	5,578	9,306
Management fee	5,788	8,392	6,735	1,994	3,363
Utilities expenses	5,091	3,391	3,552	688	268
Taxes and dues	7,392	4,545	3,445	1,397	2,146
Insurance premium	115	143	116	19	77
Repair expenses	513	1,278	1,049	1,458	2,961
Trust fee	450	300	300	-	300
Other expenses	84	41	34	20	188
③ NOI(①-②)	48,421	32,935	14,960	11,784	28,245
④ Depreciation	5,585	9,467	6,333	830	8,752
⑤ Operating income (loss) from real estate leasing (③-④)	42,835	23,467	8,627	10,954	19,493
⑥ Acquisition price	1,740,000	898,000	600,000	690,000	1,100,000
⑦ NOI yield(%・Annualized)	5.61	7.40	5.03	3.44	5.18

Profit and Loss by Property

(Unit: thousand JPY)

Property name	R-02	R-03	R-04	R-05	R-06
	Dormy Ukimafunado	Benefis Hakata-Minami Grand Sweet	LUXENA HIGASHI-KOENJI	Alpha Space Toritsudai	J City Hatchobori
					
① Lease business revenue	31,846	35,735	29,960	17,215	40,230
Lease business revenue	31,836	35,058	28,822	16,386	39,737
Other lease business revenue	10	677	1,138	828	493
② Operating expenses from real estate leasing	3,808	7,343	8,932	4,894	7,101
Management fee	313	2,923	4,192	1,915	2,764
Utilities expenses	14	259	210	219	414
Taxes and dues	1,661	2,601	1,528	993	2,877
Insurance premium	58	73	38	28	74
Repair expenses	1,428	1,146	2,629	1,327	634
Trust fee	300	300	300	375	300
Other expenses	30	38	32	35	36
③ NOI(①-②)	28,038	28,392	21,028	12,321	33,129
④ Depreciation	2,910	6,716	3,717	1,195	4,925
⑤ Operating income (loss) from real estate leasing (③-④)	25,128	21,675	17,310	11,125	28,203
⑥ Acquisition price	1,080,000	1,032,000	1,060,000	589,000	1,200,000
⑦ NOI yield(%・Annualized)	5.24	5.55	4.00	4.22	5.57

Profit and Loss by Property

(Unit: thousand JPY)

Property name	R-07	R-08	R-09	H-01	H-02
	LUXENA HEIWADAI	LUXENA KACHIDOKI	LUXENA HON-ATSUGI	Dormy Inn Matsuyama	Hotel Sunshine Utsunomiya
					
① Lease business revenue	109,576	30,100	23,364	76,500	62,917
Lease business revenue	105,682	29,639	21,664	76,500	62,917
Other lease business revenue	3,894	461	1,700	-	-
② Operating expenses from real estate leasing	17,911	5,075	9,318	9,127	8,319
Management fee	7,869	2,868	5,293	765	362
Utilities expenses	1,471	191	937	900	-
Taxes and dues	5,163	1,096	16	6,865	5,177
Insurance premium	165	38	52	142	159
Repair expenses	2,833	472	2,999	120	2,179
Trust fee	375	375	-	300	400
Other expenses	33	32	19	35	39
③ NOI(①-②)	91,664	25,025	14,045	67,372	54,597
④ Depreciation	11,776	4,766	3,059	19,220	17,085
⑤ Operating income (loss) from real estate leasing (③-④)	79,888	20,258	10,986	48,151	37,512
⑥ Acquisition price	3,910,000	1,120,000	705,000	2,427,000	2,000,000
⑦ NOI yield(%・Annualized)	4.73	4.51	4.02	5.60	5.51

Profit and Loss by Property



Takara Leben Real Estate
Investment Corporation

(Unit: thousand JPY)

Property name	H-03	H-04	C-01	C-02	C-03
	Dormy Inn Morioka	ACCESS by LOISIR HOTEL Nagoya (Note 2)	Prio Daimyo II	Co-op Sapporo Shunko	TA Shonan Kugenumakaigan
					
① Lease business revenue	74,958	19,334	31,343	41,760	16,965
Lease business revenue	74,958	14,784	27,720	41,760	15,816
Other lease business revenue	-	4,549	3,622	-	1,149
② Operating expenses from real estate leasing	8,228	14,188	7,180	5,370	3,189
Management fee	749	3,739	1,311	417	1,058
Utilities expenses	-	585	2,445	-	1,181
Taxes and dues	7,294	5,731	1,779	3,940	920
Insurance premium	169	78	18	95	14
Repair expenses	-	3,649	1,189	585	-
Trust fee	-	375	400	300	-
Other expenses	15	29	37	32	15
③ NOI(①-②)	66,729	5,146	24,162	36,389	13,775
④ Depreciation	27,227	8,790	1,159	7,760	1,365
⑤ Operating income (loss) from real estate leasing (③-④)	39,502	△3,644	23,003	28,629	12,410
⑥ Acquisition price	2,520,000	2,500,000	980,000	1,036,000	500,000
⑦ NOI yield(%・Annualized)	5.34	0.42	4.97	7.08	5.56

(Note 1) Almost Blue is not included in the above table because the transfer was completed as of March 19, 2021.

(Note 2) The name was changed to ACCESS by LOISIR HOTEL Nagoya on March 15, 2021.

Profit and Loss by Property

(Unit: thousand JPY)

Property name	C-05	C-06
	Kaden Sumairu Kan YAMADA Matsuyama Toiyacho	Kaden Sumairu Kan YAMADA KobeTarumi (Land)
		
① Lease business revenue	(Note 2)	(Note 2)
Lease business revenue	(Note 2)	(Note 2)
Other lease business revenue	(Note 2)	(Note 2)
② Operating expenses from real estate leasing	(Note 2)	(Note 2)
Management fee	(Note 2)	(Note 2)
Utilities expenses	(Note 2)	(Note 2)
Taxes and dues	(Note 2)	(Note 2)
Insurance premium	(Note 2)	(Note 2)
Repair expenses	(Note 2)	(Note 2)
Trust fee	(Note 2)	(Note 2)
Other expenses	(Note 2)	(Note 2)
③ NOI(①-②)	149,677	103,688
④ Depreciation	15,638	-
⑤ Operating income (loss) from real estate leasing (③-④)	134,038	103,688
⑥ Acquisition price	4,030,000	4,227,000
⑦ NOI yield(%・Annualized)	7.49	4.95

(Note 1) Almost Blue is not included in the above table because the transfer was completed as of March 19, 2021.

(Note 2) Due to the approval of the tenant not being obtained, it is not disclosed.

Indicators	1 st period (August 2018)	2 nd period (February 2019)	3 rd period (August 2019)	4 th period (February 2020)	5 th period (August 2020)	6 th period (February 2021)
Days in operation	33	181	184	182	184	181
NOI (JPY million)	314	1,717	1,489	2,142	2,140	2,097
FFO (Funds from Operation/JPY million)	112	1,412	1,139	1,711	1,706	1,618
FFO per unit (JPY)	324	4,087	3,297	3,699	3,689	3,499
Interest-bearing debt (JPY million)	34,600	33,260	35,980	43,400	43,400	43,400
Interest-bearing debt to total asset (%)	49.7	47.8	49.5	45.9	45.9	46.0
Loan to appraisal value (%)	47.6	45.1	46.8	42.8	43.1	43.5
Net Asset Value per unit (JPY)	101,345	104,710	104,539	112,296	111,103	109,202

(NOTE) Calculation is based on the following formula

NOI = Property related revenues - Property related expenses + Depreciation - Gain on sales of property + loss on sales of property

FFO = Net income + Depreciation and amortization ± Gains (losses) on sales of property

FFO per unit = FFO ÷ total number of investment units issued and outstanding

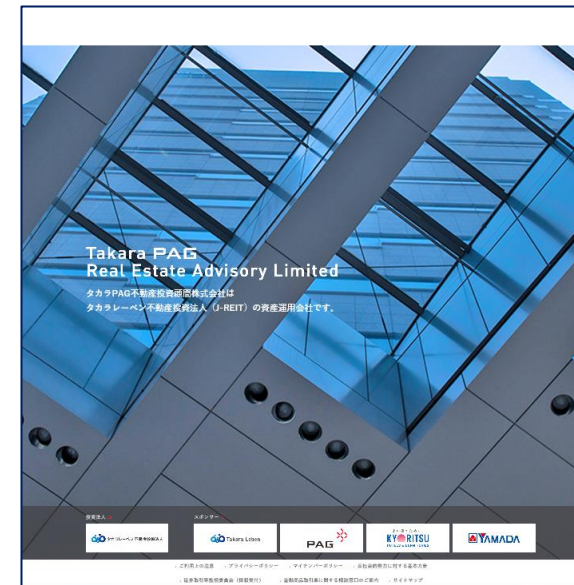
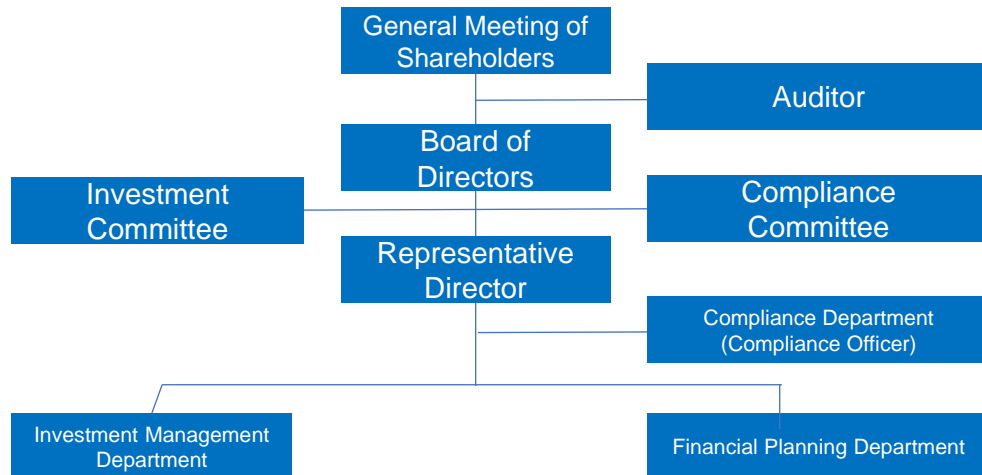
Interest-bearing debt ratio (LTV) = Interest-bearing debt at the end of the period / Total assets at the end of the period × 100

Appraisal LTV = Interest-bearing debt at the end of the period / Appraisal value of real estate × 100

NAV per unit = (Net assets at the end of the period - Total distributions to be paid + Appraisal value of real estate, etc. - Book value of real estate, etc. at the end of the period) / Total investment units issued and outstanding

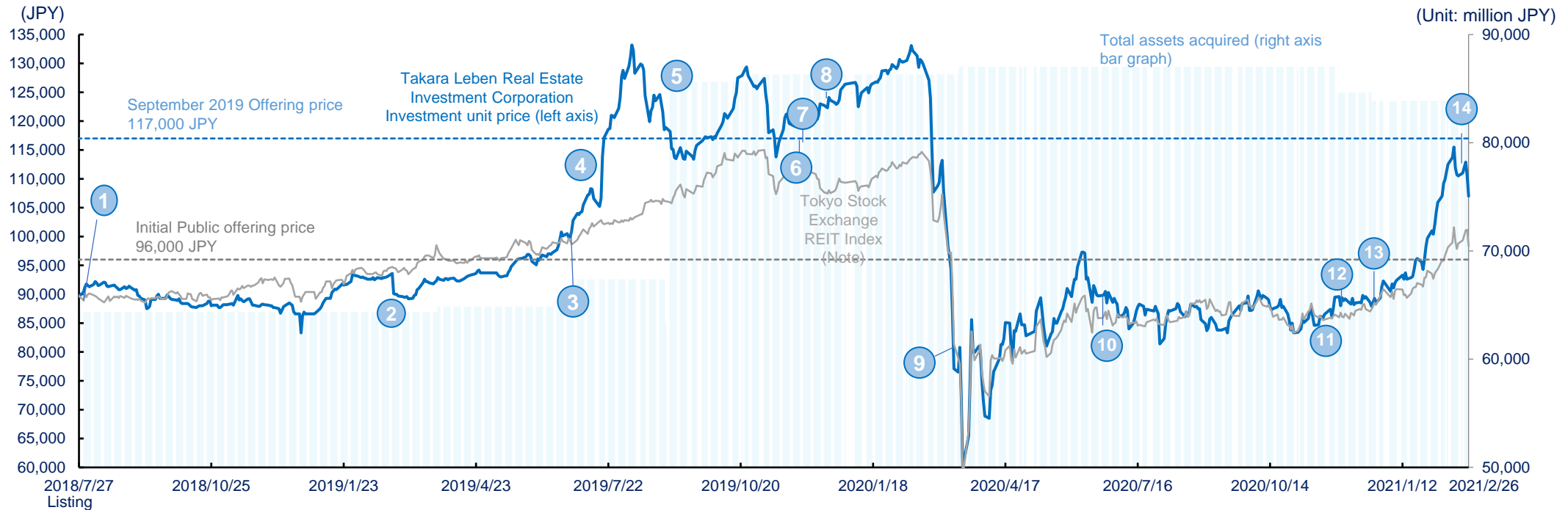
Overview of the Asset Management Company

Name	Takara PAG Real Estate Investment Advisors Co., Ltd.
Address	Akasaka 1-14-15, Minato-ku, Tokyo
Representative	Masayuki Ishihara, Representative Director, Tetsuo Saida, President and Representative Director
Date of Incorporation	January 15, 2016
Paid-in Capital	50 million JPY
Shareholder Composition	Takara Leben Co., Ltd. (60%) PAG Real Estate Holding Limited(30%) Kyoritsu Maintenance Co., Ltd. (5%) Yamada Holdings Corporation (5%)



Website: <https://www.takara-pag.com/>

Investment units since listing



- 1 IPO (July 27, 2018)**
 - Listed on 27 properties with assets of 64 billion JPY
- 2 Acquisition of new property (March 28, 2019)**
 - Acquired TA Shonan Kugenumakaigan for 500 million JPY
- 3 Acquisition of new property (June 28, 2019)**
 - Acquired Dormy Inn Morioka for 2.52 billion JPY
- 4 Acquisition of certification (July, August 2019)**
 - DBJ Green Building certification (NT Building, July 12)
 - BELS assessment (Dormy Inn Morioka, August 8, Dormy Inn Matsuyama, August 9)
- 5 Disposal property August, September 2019**
 - Disposed TTS Minami-Aoyama Building for 5.31 billion JPY
- 6 Acquisition of 6 properties through public offering (September 3, 2019)**
 - Acquired 6 properties worth approx. 22.33 billion JPY
- 7 Acquisition of new property (October 31, 2019)**
 - Acquired Akasaka Kawase Building for 690 million JPY
- 8 BELS acquisitions (December 20/23, 2019)**
 - L.Biz Jimbocho
 - Hakata Gion Building
- 9 Acquisition of new property (March 17, 2020)**
 - Acquired LUXENA HON-ATSUGI for about 700 million JPY
 - Value-Up Projects after acquisition by Takara Leben
- 10 Obtaining credit rating (June 18, 2020)**
 - Acquired a long-term issuer rating (A-) from Japan Credit Rating Agency, Ltd.
- 11 Acquired GRESB rating (November 25, 2020)**
 - Acquired "2 Star" in GRESB Real Estate Assessment in 2020
- 12 Disposed properties (November 30, 2020)**
 - Disposed Morioka Ekimae-dori Building and EME Koriyama Building (total disposition price: approx. 2.4 billion JPY)
- 13 Disposed property (December 23, 2020)**
 - Disposed Utsunomiya Central Building (disposition price: approx. 800 million JPY)
- 14 Disposed property (February 26, 2021)**
 - Disposed 30% interest in Almost Blue (disposition price: approx. 2.1 billion JPY)

NOTE) Assuming that the TSE REIT Index was equal to the Investment unit price on the date of listing of the Investment Corporation, the subsequent value is estimated.



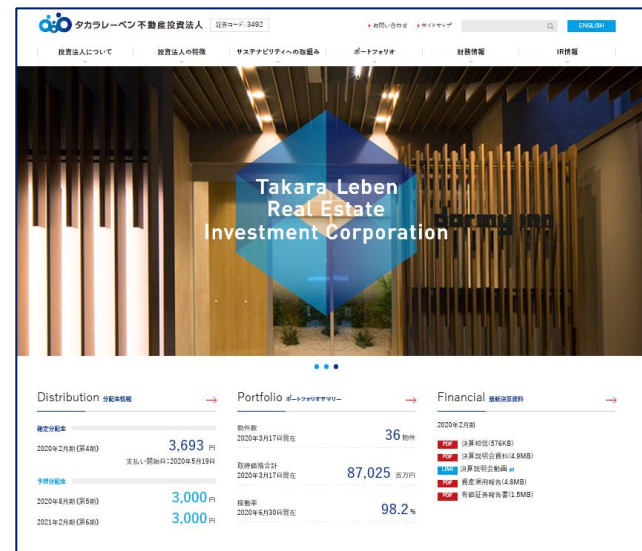
Contact

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<https://takara-reit.co.jp/en/index.html>



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