

(REIT) Financial Report for Fiscal Period Ended August 31, 2019**October 11, 2019**

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Stock Exchange Listing: Tokyo Stock Exchange
 URL: <https://takara-reit.co.jp/>

Scheduled date of commencement of cash distribution payment: November 15, 2019
 Scheduled date of submission of securities report: November 27, 2019
 Preparation of supplementary financial results briefing materials: Yes
 Holding of financial results briefing session: Yes (for institutional investors and analysts)

(Amounts are rounded down to the nearest million yen)

1. Financial Results for Fiscal Period Ended August 31, 2019 (from March 1, 2019 to August 31, 2019)**(1) Operating Results**

(% figures are the rate of period-on-period increase (decrease))

Fiscal period	Operating revenue		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Ended August 31, 2019	2,916	37.0	1,760	34.2	1,620	38.1	1,619	38.2
Ended February 28, 2019	2,129	464.2	1,311	554.0	1,172	-	1,171	-

Fiscal period	Net income per unit	Return on unitholders' equity	Ordinary income to total assets	Ordinary income to operating revenues
	yen	%	%	%
Ended August 31, 2019	4,686	4.9	2.3	55.6
Ended February 28, 2019	3,392	3.6	1.7	55.1

(2) Distribution

Fiscal period	Distributions per unit (not including cash distribution in excess of earnings)	Total distribution (not including cash distribution in excess of earnings)	Distribution in excess of earnings per unit	Total distribution in excess of earnings	Distribution per unit (including distribution in excess of earnings)	Total distribution (including distribution in excess of earnings)	Distribution payout ratio	Ratio of distribution to net assets
	yen	million yen	yen	million yen	yen	million yen	%	%
Ended August 31, 2019	4,680	1,616	13	4	4,693	1,621	99.9	4.9
Ended February 28, 2019	3,200	1,105	198	68	3,398	1,174	94.3	3.4

(Note1) Distributions in excess of earnings per unit, consist only of allowance for temporary difference adjustment. There is no distribution under tax law resulting in a decrease of investment capital.

(Note2) Distribution payout ratio = Distributions per unit (not including cash distribution in excess of earnings) / Net income per unit × 100

(3) Financial Position

Fiscal period	Total assets	Net assets	Unitholders' equity to total assets	Net assets per unit
	million yen	million yen	%	yen
Ended August 31, 2019	72,736	33,526	46.1	97,036
Ended February 28, 2019	69,523	33,083	47.6	95,754

(4) Cash Flows

Fiscal period	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at the end of the period
	million yen	million yen	million yen	million yen
Ended August 31, 2019	4,675	△3,263	1,546	5,328
Ended February 28, 2019	3,022	△168	△1,376	2,370

2. Forecasts of Financial Results for Fiscal Periods February 29, 2020 (from September 1, 2019 to February 29, 2020) and August 31, 2020 (from March 1, 2020 to August 31, 2020)

(% figures are the rate of period-on-period increase (decrease))

Fiscal period	Operating revenue		Operating income		Ordinary income		Net income		Distribution per unit (not including distribution in excess of earnings)	Distribution in excess of earnings per unit	Distribution per unit (including distribution in excess of earnings)
	million yen	%	million yen	%	million yen	%	million yen	%	yen	yen	million yen
Ending February 29, 2020	3,025	3.8	1,878	6.7	1,666	2.8	1,665	2.8	3,401	199	3,600
Ending August 31, 2020	2,729	△9.8	1,640	△12.7	1,435	△13.9	1,433	△13.9	3,100	—	3,100

(Reference) Forecast net income per unit (fiscal period ending February 29, 2020) 3,600yen

Forecast net income per unit (fiscal period ending August 31, 2020) 3,100yen

*Distributions in excess of earnings per unit consist only of the allowance for temporary difference adjustment. There is no distribution under tax law resulting in a decrease of investment capital

* Other

(1) Changes in accounting policies, changes in accounting estimates, and retrospective restatement

- ① Changes in accounting policies accompanying amendments to accounting standards, etc.: No
- ② Changes in accounting policies other than ①: No
- ③ Changes in accounting estimates: No
- ④ Retrospective restatement: No

(2) Total Number of Investment Units Issued and Outstanding

- ① Total number of investment units issued and outstanding (including treasury units) at the end of the period |
 - Fiscal Period Ending August 31, 2019 : 345,500 units
 - Fiscal Period Ending February 28, 2019 : 345,500 units
- ② Number of treasury units at the end of the period
 - Fiscal Period Ending August 31, 2019 : 0 units
 - Fiscal Period Ending February 28, 2019 : 0 units

(Note) For the number of investment units serving as the basis for calculation of net income per unit, please see “Notes on Per Unit Information” on page 26.

(3) Rounding processing

Unless otherwise specified in this document, numerical values such as monetary amounts are rounded down to the nearest unit and figures are rounded off to the second decimal place.

*Presentation of Status of Implementation of Audit Procedures

At the time of disclosure of this financial result, audit procedures for financial statements pursuant to the Financial Instruments and Exchange Act have not been completed.

*Explanation of Appropriate Use of Forecasts of Financial Results, and Other Matters of Special Note

(Note to forward-looking statements)

This document contains forecasts and other forward-looking statements based on the information currently available and on certain assumptions judged as rational by Takara Leben Real Estate Investment Corporation (hereafter referred to as “Investment Corporation”), and the actual operating results and so on may differ significantly from that anticipated by Investment Corporation due to various factors. Moreover, the forecasts are not intended to guarantee any amount of distribution and distribution in excess of earnings. For notes regarding assumptions underlying these forecasts, please refer to “Assumptions for the Forecasts of Financial Results for the Fiscal Periods February 29, 2020 and August 31, 2020.” on page 3.

Assumptions for the Forecasts of Financial Results for the Fiscal Periods Ending
February 29, 2020 and August 31, 2020

Item	Assumptions
Calculation period	<ul style="list-style-type: none">• The fourth fiscal period: September 1, 2019 to February 29, 2020 (182 days)• The fifth fiscal period: March 1, 2020 to August 31, 2020 (184 days)
Property portfolio	<ul style="list-style-type: none">• It is assumed that there will be no changes (acquisition of new asset, disposal of property portfolio, etc.) in beneficiary right in trust assets mainly of real estate and real estate held by the Investment Corporation (34 properties) as of the date of this document (referred to as the “Existing Properties” hereinafter in these assumptions)• The actual property portfolio may vary due to the acquisition of new properties other than the Assets to be Acquired or the disposal of owned properties, etc.
Operating revenues	<ul style="list-style-type: none">• Operating revenues from the Existing Properties are based on the expected occupancy rate and the expected rent fluctuations, in turn based on the assumptions of tenant fluctuation and rent level, the contents of lease agreement that are effective as of the date of this document.• Gain on disposition of TTS Minami Aoyama Building disposed as of September 2 (“Asset to be Disposed”) is expected to be 319 million yen in the fiscal period ending February 29, 2020 (4th fiscal period).• Forecasts are based on the assumption that there will be no delay in payment of rent or non-payments by the tenant.
Operating expenses	<div><div><div><div></div><div></div><div></div></div><div><div></div><div></div><div></div></div><div><div></div><div></div><div></div></div></div><div><div><div></div><div></div><div></div></div><div><div></div><div></div><div></div></div><div><div></div><div></div><div></div></div></div><div><div><div></div><div></div><div></div></div><div><div></div><div></div><div></div></div><div><div></div><div></div><div></div></div></div><div><div><div></div><div></div><div></div></div><div><div></div><div></div><div></div></div><div><div></div><div></div><div></div></div></div><div><div><div></div><div></div><div></div></div><div><div></div><div></div><div></div></div><div><div></div><div></div><div></div></div></div><div><div><div></div><div></div><div></div></div><div><div></div><div></div><div></div></div><div><div></div><div></div><div></div></div></div><div><div><div></div><div></div><div></div></div><div><div></div><div></div><div></div></div><div><div></div><div></div><div></div></div></div><div><div><div></div><div></div><div></div></div><div><div></div><div></div><div></div></div><div><div></div><div></div><div></div></div></div><div><div><div></div><div></div><div></div></div><div><div></div><div></div><div></div></div><div><div></div><div></div><div></div></div></div><div><div><div></div><div></div><div></div></div><div><div></div><div></div><div></div></div><div><div></div><div></div><div></div></div></div><div><div><div></div><div></div><div></div></div><div><div></div><div></div><div></div></div><div><div></div><div></div><div></div></div></div><div><div><div></div><div></div><div></div></div><div><div></div><div></div><div></div></div><div><div></div><div></div><div></div></div></div><div><div><div></div><div></div><div></div></div><div><div></div><div></div><div></div></div><div><div></div><div></div><div></div></div></div><div><div><div></div><div></div><div></div></div><div><div></div><div></div><div></div></div><div><div></div><div></div><div></div></div></div><div><div><div></div><div></div><div></div></div><div><div></div><div></div><div></div></div><div><div></div><div></div><div></div></div></div><div><div><div></div><div></div><div></div></div><div><div></div><div></div><div></div></div><div><div></div><div></div><div></div></div></div><div><div><div></div><div></div><div></div></div><div><div></div><div></div><div></div></div><div><div></div><div></div><div></div></div></div><div><div><div></div><div></div><div></div></div><div><div></div><div></div><div></div></div><div><div></div><div></div><div></div></div></div><div><div><div></div><div></div><div></div></div><div><div></div><div></div><div></div></div><div><div></div><div></div><div></div></div></div><div><div><div></div><div></div><div></div></div><div><div></div><div></div><div></div></div><div><div></div><div></div><div></div></div></div><div><div><div></div><div></div><div></div></div><div><div></div><div></div><div></div></div><div><div></div><div></div><div></div></div></div><div><div><div></div><div></div><div></div></div><div><div></div><div></div><div></div></div><div><div></div><div></div><div></div></div></div><div><div><div></div><div></div><div></div></div><div><div></div><div></div><div></div></div><div><div></div><div></div><div></div></div></div><div><div><div></div><div></div><div></div></div><div><div></div><div></div><div></div></div><div><div></div><div></div><div></div></div></div><div><div><div></div><div></div><div></div></div><div><div></div><div></div><div></div></div><div><div></div><div></div><div></div></div></div><div><div><div></div><div></div><div></div></div><div><div></div><div></div><div></div></div><div><div></div><div></div><div></div></div></div><div><div><div></div><div></div><div></div></div><div><div></div><div></div><div></div></div><div><div></div><div></div><div></div></div></div><div><div><div></div><div></div><div></div></div><div><div></div><div></div><div></div></div><div><div></div><div></div><div></div></div></div><div><div><div></div><div></div><div></div></div><div><div></div><div></div><div></div></div><div><div></div><div></div><div></div></div></div><div><div><div></div><div></div><div></div></div><div><div></div><div></div><div></div></div><div><div></div><div></div><div></div></div></div><div><div><div></div><div></div><div></div></div><div><div></div><div></div><div></div></div><div><div></div><div></div><div></div></div></div><div><div><div></div><div></div><div></div></div><div><div></div><div></div><div></div></div><div><div></div><div></div><div></div></div></div><div><div><div></div><div></div><div></div></div><div><div></div><div></div><div></div></div><div><div></div><div></div><div></div></div></div><div><div><div></div><div></div><div></div></div><div><div></div><div></div><div></div></div><div><div></div><div></div><div></div></div></div><div><div><div></div><div></div><div></div></div><div><div></div><div></div><div></div></div><div><div></div><div></div><div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Non-operating expenses	<ul style="list-style-type: none"> • The costs to issue and list the new investment units will be amortized on a monthly basis over three years from the time they are incurred, 19 million yen, and 19 million yen are expected for the fiscal periods ending February 29, 2020 (the fourth fiscal period), and August 31, 2020 (the fifth fiscal period), respectively. • For interest expenses and other borrowing-related costs, 192 million yen, and 186 million yen are expected for the fiscal periods ending February 29, 2020 (the fourth fiscal period), and August 31, 2020 (the fifth fiscal period), respectively.
Interest-bearing debt	<ul style="list-style-type: none"> • It is assumed that the total amount of interest-bearing debt will be 43,400 million yen, and 43,400 million yen as of the end of the fiscal periods ending February 29, 2020 (the fourth fiscal period), and August 31, 2020 (the fifth fiscal period), respectively. • The LTV ratio is expected to be around 46.5%, and 46.6% as of the end of the fiscal periods ending February 29, 2020 (the fourth fiscal period), and August 31, 2020 (the fifth fiscal period), respectively. • The LTV ratio is calculated using the following formula: $\text{LTV ratio} = \text{Total amount of interest-bearing debt as of the end of the fiscal period} / \text{Total assets as of the end of the fiscal period} \times 100$
Investment units	<ul style="list-style-type: none"> • It is assumed that, there will be no change in the number of investment units issued outstanding as of today (462,500) due to the issuance of new investment units or otherwise by the end of the fiscal period ending August 31, 2020 (the fifth fiscal period).
Distributions per unit (excluding excess of earnings per unit)	<ul style="list-style-type: none"> • Distributions per unit (excluding distributions in excess of earnings) are calculated based on the cash distribution policy stipulated in the Investment Corporation's Articles of Incorporation. • Actual distributions per unit (excluding distributions in excess of earnings) may fluctuate due to various factors including changes in rental revenues, changes in investment assets and tenants, and unexpected repairs and other factors.
Distribution in excess of earnings per unit	<ul style="list-style-type: none"> • Allowance for temporary difference adjustment of 92 million yen is expected to book concerning the difference between net income and taxable income associated with recording of asset retirement obligation as of the end of the fiscal periods ending February 29, 2020 (the fourth fiscal period) respectively. It is assumed that the distribution in excess of earnings per unit will be 199 yen as of the end of the fiscal periods ending February 29, 2020 (the fourth fiscal period). • It is assumed that no deferred losses on hedges will be incurred, which is an item of deduction from net assets, as described above. • In addition, of distribution in excess of earnings, that falling under the category of distribution under tax law resulting in a decrease of investment capital is not scheduled at this point.
Other	<ul style="list-style-type: none"> • It is assumed that there will be no change in laws and regulations, the taxation system, accounting standards, the Securities Listing Regulations of the Tokyo Stock Exchange, or the rules of the Investment Trust Association, Japan, etc. that could affect the above forecasts. • It is assumed that there will be no unexpected significant change in general economic trends, real estate market conditions, etc.

3. Financial Statements

(1) Balance Sheets

(Unit: thousand yen)

	2nd fiscal period (As of February 28, 2019)	3rd fiscal period (As of August 31, 2019)
Assets		
Current assets		
Cash and deposits	3,238,605	6,081,427
Cash and deposits in trust	954,028	1,006,748
Operating accounts receivable	74,832	75,299
Prepaid expenses	82,983	82,656
Consumption tax receivable	-	144,784
Other current assets	1,624	14,602
Total current assets	4,352,074	7,405,518
Fixed assets		
Property and equipment		
Buildings	-	2,269,001
Accumulated depreciation	-	△14,867
Buildings, net	-	2,254,133
Structures	-	9,641
Accumulated depreciation	-	△59
Structures, net	-	9,582
Land	-	795,779
Buildings in trust	17,007,976	17,044,450
Accumulated depreciation	△318,008	△555,115
Buildings in trust, net	16,689,967	16,489,335
Structures in trust	20,591	22,328
Accumulated depreciation	△321	△572
Structures in trust, net	20,269	21,756
Tools, furniture and fixtures in trust	4,846	14,948
Accumulated depreciation	△178	△859
Tools, furniture and fixtures in trust, net	4,668	14,088
Land in trust	48,291,144	45,529,850
Construction in progress in trust	10,692	4,000
Total property and equipment	65,016,742	65,118,526
Intangible assets		
Software	5,225	4,675
Total intangible assets	5,225	4,675
Investments and other assets		
Investment securities	-	103,043
Long-term prepaid expenses	78,921	46,912
Deferred tax assets	16	21
Security deposits	11,000	11,000
Other assets	10	10
Total investments and other assets	89,947	160,986
Total fixed assets	65,111,915	65,284,188
Deferred assets		
Investment unit issuance costs	59,811	46,994
Total deferred assets	59,811	46,994
Total assets	69,523,801	72,736,701

(Unit: thousand yen)

	2nd fiscal period (As of February 28, 2019)	3rd fiscal period (As of August 31, 2019)
Liabilities		
Current liabilities		
Operating accounts payable	133,538	350,998
Short-term loans	3,260,000	5,980,000
Current portion of long-term loans	-	15,000,000
Accounts payable	129,366	163,964
Accrued expenses	11,853	13,167
Income tax payable	939	1,035
Accrued consumption taxes	107,459	-
Advances received	23,507	12,744
Other current liabilities	632	4,631
Total current liabilities	3,667,298	21,526,540
Non-current liabilities		
Long-term loans	30,000,000	15,000,000
Tenant leasehold and security deposits	-	90,552
Tenant leasehold and security deposits in trust	2,603,603	2,422,827
Asset retirement obligations	89,338	88,015
Derivative liabilities	80,286	82,588
Total non-current liabilities	32,773,227	17,683,984
Total liabilities	36,440,526	39,210,524
Net assets		
Unitholders' equity		
Unitholders capital	31,991,672	31,991,672
Deduction from unitholders capital		
Allowance for temporary difference adjustment	※ 1 △14,165	※ 1 △82,574
Total deduction from unitholders capital	△14,165	△82,574
Unitholders capital, net	31,977,506	31,909,097
Surplus		
Retained earnings	1,186,054	1,699,667
Total surplus	1,186,054	1,699,667
Total unitholders' equity	33,163,561	33,608,765
Valuation and translation adjustments		
Deferred gains or losses on hedges	△80,286	△82,588
Total valuation and translation adjustments	△80,286	△82,588
Total net assets	※ 2 33,083,275	※ 2 33,526,176
Total liabilities and net assets	69,523,801	72,736,701

(2) Statements of Income

(Unit: thousand yen)

	2nd fiscal period From: September 1, 2018 To: February 28, 2019	3rd fiscal period From: March 1, 2019 To: August 31, 2019
Operating revenues		
Rental revenue	※ 1 1,969,097	※ 1 2,010,180
Other rental revenue	※ 1 160,250	※ 1 165,226
Dividend income from investments in securities	-	2,043
Gain on sales of real estate properties	-	※ 2 738,901
Total operating revenue	2,129,347	2,916,352
Operating expenses		
Expenses related to property rental business	※ 1 651,681	※ 1 944,320
Asset management fee	112,685	137,894
Asset custody and administrative service fees	12,828	13,631
Directors' compensations	2,400	2,400
Taxes and dues	1,977	19,822
Other operating expenses	35,995	38,203
Total operating expenses	817,568	1,156,271
Operating income	1,311,778	1,760,080
Non-operating income		
Interest income	18	19
Interest on refund of consumption taxes	731	-
Insurance income	-	212
Other	-	0
Total non-operating income	749	232
Non-operating expenses		
Interest expenses	82,035	83,538
Borrowing related expenses	44,718	43,711
Amortization of investment unit issuance costs	12,816	12,816
Total non-operating expenses	139,570	140,066
Ordinary income	1,172,957	1,620,246
Income before income taxes	1,172,957	1,620,246
Income taxes - current	942	1,038
Income taxes - deferred	22	△4
Total income taxes	965	1,033
Net income	1,171,992	1,619,213
Retained earnings brought forward	14,062	80,454
Unappropriated retained earnings	1,186,054	1,699,667

(3) Statements of Unitholders' Equity

2nd fiscal period (from September 1, 2018 to February 28, 2019)

(Unit: thousand yen)

	Unitholders' equity						
	Unitholders' capital				Surplus		Unitholders' capital, net
	Unitholders' capital	Deduction from unitholders capital		Unitholders' capital, net	Deferred gains or losses on hedges	Total valuation and translation adjustments	
		Allowance for temporary difference adjustment	Total capital deduction				
Balance at the beginning of the period	31,991,672	-	-	31,991,672	33,755	33,755	32,025,427
Changes during the period							
Dividends of surplus					△19,693	△19,693	△19,693
Excess profit distribution by provision for temporary difference adjustment		△14,165	△14,165	△14,165			△14,165
Net income					1,171,992	1,171,992	1,171,992
Net changes of items other than unitholders equity							
Total changes during the period	-	△14,165	△14,165	△14,165	1,152,299	1,152,299	1,138,133
Balance at the end of the period	※ 1 31,991,672	△14,165	△14,165	31,977,506	1,186,054	1,186,054	33,163,561

(Unit: thousand yen)

	Valuation and translation adjustments		Total net assets
	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at the beginning of the period	△13,883	△13,883	32,011,543
Changes during the period			
Dividends of surplus			△19,693
Excess profit distribution by provision for temporary difference adjustment			△14,165
Net income			1,171,992
Net changes of items other than unitholders equity	△66,402	△66,402	△66,402
Total changes during the period	△66,402	△66,402	1,071,731
Balance at the end of the period	△80,286	△80,286	33,083,275

3rd fiscal period (from March 1, 2019 to August 31, 2019)

(Unit: thousand yen)

	Unitholders' equity						
	Unitholders' capital				Surplus		Unitholders' capital, net
	Unitholders' capital	Deduction from unitholders capital		Unitholders' capital, net	Deferred gains or losses on hedges	Total valuation and translation adjustments	
		Allowance for temporary difference adjustment	Total capital deduction				
Balance at the beginning of the period	31,991,672	△14,165	△14,165	31,977,506	1,186,054	1,186,054	33,163,561
Changes during the period							
Dividends of surplus					△1,105,600	△1,105,600	△1,105,600
Excess profit distribution by provision for temporary difference adjustment		△68,409	△68,409	△68,409			△68,409
Net income					1,619,213	1,619,213	1,619,213
Net changes of items other than unitholders equity							
Total changes during the period	-	△68,409	△68,409	△68,409	513,613	513,613	445,204
Balance at the end of the period	※ 1 31,991,672	△82,574	△82,574	31,909,097	1,699,667	1,699,667	33,608,765

(Unit: thousand yen)

	Valuation and translation adjustments		Total net assets
	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at the beginning of the period	△80,286	△80,286	33,083,275
Changes during the period			
Dividends of surplus			△1,105,600
Excess profit distribution by provision for temporary difference adjustment			△68,409
Net income			1,619,213
Net changes of items other than unitholders equity	△2,302	△2,302	△2,302
Total changes during the period	△2,302	△2,302	442,901
Balance at the end of the period	△82,588	△82,588	33,526,176

(4) Statements of Cash Distribution

(Unit: yen)

Category	2nd fiscal period From: September 1,2018 To: February 28, 2019	3rd fiscal period From: March 1,2019 To: August 31, 2019
I Unappropriated retained earning	1,186,054,670	1,699,667,703
II Addition of cash distribution in excess of earnings	68,409,000	4,491,500
Of which, allowance for temporary difference adjustment	68,409,000	4,491,500
III Cash distribution	1,174,009,000	1,621,431,500
[Cash distribution per unit]	(3,398)	(4,693)
Of which, cash distribution of earnings	1,105,600,000	1,616,940,000
[Of which, cash distribution of earnings per unit]	(3,200)	(4,680)
Of which, allowance for temporary difference adjustment	68,409,000	4,491,500
[Of which, cash distribution in excess of earnings per unit (attributable to allowance for temporary difference adjustment)]	(198)	(13)
IV Retained earnings carried forward	80,454,670	82,727,703
Method of calculation of amount of cash distribution	<p>Cash distributions declared for the six months ended February 28, 2019 were 1,174,009,000yen. In accordance with the distribution policy in Article 36, Paragraph 1, Item 1 of the Investment Corporation's articles of incorporation which stipulates making distributions in excess of 90% of distributable profit as defined in Article 67-15, Paragraph 1 of the Special Taxation Measures Act of Japan for the fiscal period, profit distributions (do not include distributions in excess of earnings) declared for the six months ended February 28, 2019 were 1,105,600,000yen which were all of profit as defined in Article 136, Paragraph 1 of the Act on Investment Trusts and Investment Corporations of Japan after deduction of reversal of allowance for temporary difference adjustment (as defined in Article 2, Paragraph 2, Item 30 of the Ordinance on Accountings of Investment Corporations of Japan), except for fractional distribution per unit less than one yen.</p> <p>In addition, the Investment Corporation makes distributions in excess of earnings considering an effect of differences between net income and taxable income (as defined in Article 2, Paragraph 2, Item 30 of the Ordinance on Accountings of Investment Corporations of Japan) and</p>	<p>Cash distributions declared for the six months ended August 31, 2019 were 1,621,431,500 yen. In accordance with the distribution policy in Article 36, Paragraph 1, Item 1 of the Investment Corporation's articles of incorporation which stipulates making distributions in excess of 90% of distributable profit as defined in Article 67-15, Paragraph 1 of the Special Taxation Measures Act of Japan for the fiscal period, profit distributions (do not include distributions in excess of earnings) declared for the six months ended August 31, 2019 were 1,616,940,000 yen which were all of profit as defined in Article 136, Paragraph 1 of the Act on Investment Trusts and Investment Corporations of Japan after deduction of reversal of allowance for temporary difference adjustment (as defined in Article 2, Paragraph 2, Item 30 of the Ordinance on Accountings of Investment Corporations of Japan), except for fractional distribution per unit less than one yen.</p> <p>In addition, the Investment Corporation makes distributions in excess of earnings considering an effect of differences between net income and taxable income (as defined in Article 2, Paragraph 2, Item 30 of the Ordinance on Accountings of Investment Corporations of Japan) and</p>

	<p>items deducted from net assets (as defined in Article 2, Paragraph 2, Item 30 of the Ordinance on Accountings of Investment Corporation of Japan) in accordance with the policy for the distributions in excess of earnings prescribed in the article of incorporation 36, Paragraph 1, Item 2. Distributions in excess of earnings for the period ended February 28, 2019 were amounting to 68,409,000yen which were corresponding to differences between net income and taxable income for the period, except for fractional distribution per unit in excess of earnings less than one yen. All of the distributions in excess of earnings for the period ended February 28, 2019 amounting to 68,409,000yen consist only of allowance for temporary difference adjustment (as defined in Article 2, Paragraph 2, Item 30 of the Ordinance on Accountings of Investment Corporations of Japan). Unit capital refund from deduction of unit capital under tax rules is not included.</p>	<p>items deducted from net assets (as defined in Article 2, Paragraph 2, Item 30 of the Ordinance on Accountings of Investment Corporation of Japan) in accordance with the policy for the distributions in excess of earnings prescribed in the article of incorporation 36, Paragraph 1, Item 2. Distributions in excess of earnings for the period ended August 31, 2019 were amounting to 4,491,500 yen which were corresponding to differences between net income and taxable income for the period, except for fractional distribution per unit in excess of earnings less than one yen. All of the distributions in excess of earnings for the period ended August 31, 2019 amounting to 4,491,500 yen consist only of allowance for temporary difference adjustment (as defined in Article 2, Paragraph 2, Item 30 of the Ordinance on Accountings of Investment Corporations of Japan). Unit capital refund from deduction of unit capital under tax rules is not included.</p>
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(5) Statements of Cash Flow

(Unit: thousand yen)

	2nd fiscal period From: September 1, 2018 To: February 28, 2019	3rd fiscal period From: March 1, 2019 To: August 31, 2019
Cash flows from operating activities		
Income before income taxes	1,172,957	1,620,246
Depreciation	240,391	259,440
Amortization of investment unit issuance costs	12,816	12,816
Borrowing related expenses	40,255	38,716
Interest income	△18	△19
Interest expenses	82,035	83,538
Decrease (increase) in operating accounts receivable	△43,557	△111
Decrease (increase) in consumption taxes receivable	1,389,734	△144,784
Decrease (increase) in accrued consumption taxes	107,459	△107,459
Decrease (increase) in prepaid expenses	5,523	△7,808
Decrease (increase) in long-term prepaid expenses	3,834	3,655
Increase (decrease) in operating accounts payable	△5,424	92,531
Increase (decrease) in accounts payable	115,432	34,607
Increase (decrease) in advances received	7,466	△10,763
Decrease in disposal of plant and equipment in trust	-	2,895,401
Other, net	△20,561	△10,987
Subtotal	3,108,346	4,759,020
Interest income received	18	19
Interest expenses paid	△84,152	△82,224
Income taxes paid	△1,922	△942
Net cash used in operating activities	3,022,289	4,675,872
Cash flows from investing activities		
Purchase of property, plant and equipment	-	△3,063,103
Purchase of property, plant and equipment in trust	△175,422	△90,083
Purchase of intangible assets	△5,500	-
Payments of tenant leasehold and security deposits	△1,000	-
Proceeds from tenant leasehold and security deposits	-	27,165
Proceeds from tenant leasehold and security deposits in trust	37,363	57,283
Repayments of tenant leasehold and security deposits in trust	△23,777	△91,558
Payment for purchase of investment securities	-	△103,053
Net cash used in investing activities	△168,335	△3,263,350
Cash flows from financing activities		
Proceeds from short-term loans	-	5,977,773
Repayment of short-term loans	△1,340,000	△3,260,000
Payments for investment unit issuance expenses	△2,812	-
Distributions paid	△33,555	△1,171,597
Net cash provided by financing activities	△1,376,367	1,546,175
Net increase in cash and cash equivalents	1,477,586	2,958,698
Cash and cash equivalents at beginning of period	892,525	2,370,111
Cash and cash equivalents at end of period	※ 1 2,370,111	※ 1 5,328,810

(6) Notes on the Going Concern Assumption

Not applicable.

(7) Notes on Matters Concerning Significant Accounting Policies

1. Basis and Method of Valuation of Assets	Other securities Non-marketable The cost method based on the moving-average method is applied to securities with no market price available. The equity method is applied to an investment in silent partnership. The net income from the silent partnership is allocated to the Silent Partnership Equity Interest owned by the Investment Corporation.
2. Method of depreciation of non-current assets	(1) Property and equipment (including property and equipment in trust) The straight-line method is adopted. The useful life of primary property and equipment is as follows: Buildings 5~66 years Structures 20~63 years Tools, furniture and fixtures 2~15 years (2) Intangible assets The straight-line method is adopted. The useful life of primary intangible assets is as follows: Software 5 years (3) Long-term prepaid expenses The straight-line method is adopted.
3. Accounting for deferred assets	Amortization of investment unit issuance expenses Investment unit issuance expenses are amortized equally over three years.
4. Standards for revenue and expense recognition	Accounting for property tax, etc Accounting for property tax, city planning tax, depreciable asset tax, etc. ("property tax, etc.") on real estate or beneficiary interest in trust for real estate held is that, of the tax amount assessed and determined, the amount corresponding to the concerned calculation period is expensed as expenses related to rent business. The amount equivalent to property tax, etc. in the initial fiscal year upon acquisition of real estate or beneficiary interest in trust for real estate is not recognized as expenses but included in the cost of acquisition of the concerned real estate, etc. In the fiscal period under review, the amount equivalent to property tax for August 31, 2019, etc. included in the cost of acquisition of real estate, etc. was 1,866 thousand yen.
5. Method of hedge accounting	(1) Hedge accounting approach Deferral hedge accounting is adopted. (2) Hedging instruments and hedged items Hedging instruments: Interest rate swap Hedged items: Interest on loans (3) Hedging policy The Investment Corporation conducts derivative transactions for the purpose of hedging the risks provided in its Articles of Incorporation pursuant to rules and regulations. (4) Method of assessing the effectiveness of hedging The effectiveness of hedging is assessed by comparing the cumulative change in cash flows of the hedging instruments with the cumulative change in cash flows of the hedged items and verifying the ratio of the amount of change in the two.
6. Scope of cash and cash equivalents in the statements of cash flow	Cash on hand and cash in trust, demand deposits and deposits in trust, and short-term investments with a maturity of three months or less from the date of acquisition that are readily convertible to cash and that are subject to an insignificant risk of changes in value.

<p>7. Other significant matters serving as the basis for preparation of financial statements</p>	<p>(1) Accounting for beneficiary interest in trust for real estate, etc.</p> <p>Concerning beneficiary interest in trust for real estate, etc. held, all accounts of assets and liabilities within trust assets as well as all accounts of revenue and expenses from the trust assets are recognized in the relevant account item of the balance sheet and the statement of income. The following material items of the trust assets recognized in the relevant account item are separately listed on the balance sheet.</p> <ul style="list-style-type: none"> ① Cash and deposits in trust ② Buildings, Structures, Tools, furniture and fixtures, Land and Construction in progress in trust ③ Security deposits in trust <p>(2) Accounting for consumption tax, etc.</p> <p>The accounting for consumption tax and local consumption tax is the taxes are excluded from the transaction amounts. Non-deductible consumption tax targeted for subtraction are booked as an expense of the period incurred.</p>
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(Additional Information)

[Allowance for temporary difference adjustment]

2nd fiscal period (From September 1, 2018 to February 28, 2019)

1. Reason for change of temporary difference, Item

(Unit: thousand yen)

Item	Reason for change of temporary difference	Amount for allowance (or reversal)
Buildings in trust	Excess of depreciation allowance	2,073
Deferred gains or losses on hedges	Valuation losses on interest rate swaps	66,336
Total		68,409

2. Concrete method of reversing

(1) Buildings in trust

The allowance will be reversed corresponding to disposal of the buildings in the future.

(2) Deferred gains or losses on hedges

The allowance will be reversed corresponding to future change in values of the hedging derivatives.

3rd fiscal period (From March 1, 2019 to August 31, 2019)

1. Reason for change of temporary difference, Item

(Unit: thousand yen)

Item	Reason for change of temporary difference	Amount for allowance (or reversal)
Buildings in trust	Excess of depreciation allowance	2,418
Deferred gains or losses on hedges	Valuation losses on interest rate swaps	2,073
Total		4,491

2. Concrete method of reversing

(1) Buildings in trust

The allowance will be reversed corresponding to disposal of the buildings in the future.

(2) Deferred gains or losses on hedges

The allowance will be reversed corresponding to future change in values of the hedging derivatives.

(8) Notes to the Financial Statements

[Notes to the Balance Sheet]

*1 Allowance for temporary difference adjustment

2nd fiscal period (From September 1, 2018 to February 28, 2019)

1. Reason for change of temporary difference, Item

(Unit: thousand yen)

Item	Reason for change of temporary difference	Initial accrual	Beginning balance	Current period provision amount	Net amount of the reversal	Period-end balance	Concrete method of reversing
Buildings in trust	Temporary depreciation due to asset retirement obligations	345	-	345	-	345	-
Deferred gains or losses on hedges	Valuation losses on interest rate swaps	13,820	-	13,820	-	13,820	-

2. Concrete method of reversing

(1) Buildings in trust

The allowance will be reversed corresponding to disposal of the buildings in the future.

(2) Deferred gains or losses on hedges

The allowance will be reversed corresponding to future change in values of the hedging derivatives.

3rd fiscal period (From March 1, 2019 to August 31, 2019)

1. Reason for change of temporary difference, Item

(Unit: thousand yen)

Item	Reason for change of temporary difference	Initial accrual	Beginning balance	Current period provision amount	Net amount of the reversal	Period-end balance	Concrete method of reversing
Buildings in trust	Temporary depreciation due to asset retirement obligations	108,832	345	2,073	-	2,418	-
Deferred gains or losses on hedges	Valuation losses on interest rate swaps	13,820	13,820	66,336	-	80,156	-

2. Concrete method of reversing

(1) Buildings in trust

The allowance will be reversed corresponding to disposal of the buildings in the future.

(2) Deferred gains or losses on hedges

The allowance will be reversed corresponding to future change in values of the hedging derivatives.

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

(Unit: thousand yen)

2nd fiscal period (As of February 28, 2019)	3rd fiscal period (As of August 31, 2019)
50,000	50,000

[Notes to the Statement of Income]

*1 Breakdown of operating income (loss) from real estate leasing

	(Unit: thousand yen)			
	2nd fiscal period From: September 1, 2018 To: February 28, 2019		3rd fiscal period From: March 1, 2019 To: August 31, 2019	
A. Operating revenue from real estate leasing				
Lease business revenue				
Rental revenue	1,653,859		1,696,509	
Common area charges	227,774		221,246	
Parking revenue	76,975		81,841	
Other rental revenue	10,486	1,969,097	10,583	2,010,180
Other lease business revenue				
Utilities reimbursement	149,671		142,602	
Other revenue	10,579	160,250	22,624	165,226
Total operating revenue from real estate leasing		2,129,347		2,175,407
B. Operating expenses from real estate leasing				
Expenses related to property rental business				
Management fee	198,909		218,458	
Utilities expenses	157,339		147,749	
Taxes and dues	-		167,993	
Insurance premium	3,813		3,960	
Repair expenses	40,626		135,710	
Trust fee	9,250		9,248	
Depreciation	240,116		258,890	
Other expenses	1,626		2,308	
Total operating expenses from real estate leasing		651,681		944,320
C. Operating income from real estate leasing (A－B)		1,477,665		1,231,087

*2 Breakdown of gain on sales of real estate property

2nd fiscal period (From: September 1, 2018 To: February 28, 2019)

Not applicable.

3rd fiscal period (From: March 1, 2019 To: August 31, 2019)

TTS Minami Aoyama Building (for a 70% interest)	(Unit: thousand yen)
Revenue on sales of real estate properties	3,710,939
Expenses on sales of real estate properties	2,897,067
Other expenses	74,971
Gain on sales of real estate properties	738,901

[Notes to the Statement of Unitholders' Equity]

*1 Total number of investment units authorized, and total number of investment units issued and outstanding

	2nd fiscal period From: September 1, 2018 To: February 28, 2019	3rd fiscal period From: March 1, 2019 To: August 31, 2019
Total number of investment units authorized	10,000,000 units	10,000,000 units
Total number of investment units issued and outstanding	345,500 units	345,500 units

[Notes to the Statement of Cash Flows]

*1 Reconciliation of cash and cash equivalents at end of period to the amount of balance sheet items

	2nd fiscal period From: September 1, 2018 To: February 28, 2019	3rd fiscal period From: March 1, 2019 To: August 31, 2019
Cash and deposits	3,238,605 thousand yen	6,081,427 thousand yen
Cash and deposits in trust	954,028 thousand yen	1,006,748 thousand yen
Payment for restricted bank deposit (Note)	△1,822,522 thousand yen	△1,759,365 thousand yen
Cash and cash equivalents	2,370,111 thousand yen	5,328,810 thousand yen

(Note) It indicates a deposit in trust reserved for the repayment of the deposit to a tenant.

[Notes on Lease Transactions]

Disclosure is omitted due to immateriality.

[Notes on Financial Instruments]

1 . Our policy on financial instruments

(1) Policy for financial instrument transactions

The basic policy is to establish a stable and sound financial base with the aim of securing stable earnings over the medium to long term and realizing sustainable growth of assets under management. Based on this basic policy, the Investment Corporation will raise funds by borrowing from financial institutions and issuing new investment units, taking into consideration the bank formation, various borrowing methods, fixed and floating ratio and the dispersion of maturity date etc.

We may issue additional investment units for the purpose of property acquisitions, repair of our properties, repayment obligations including repayment of borrowings or other activities. In such event, we ensure our financial soundness and are mindful of the potential for dilution of our investment units in order to achieve stable growth in unitholders' value. In the case of investment of surplus funds, we shall try to operate with consideration for safety and exchangeability.

In addition, for derivatives transactions, the Investment Corporation makes for only hedging purpose of interest rate risk arising from liabilities related to borrowings, etc., not for speculative purpose.

(2) Nature and extent of risks arising from financial instruments and risk management

Borrowings are primarily aimed at acquisition of assets, procurement of debt repayment / repayment funds, and are exposed to risks that the borrowings cannot be refinanced and the Investment Corporation manages the risk by diversification of lenders and issuance of new investment units etc.

Regarding floating interest rate fluctuation risks, the Investment Corporation manages the risk by interest rate swap etc.

(3) Supplementary information on fair value, etc. of financial instruments

The fair value of financial instruments includes the value based on the market price, and the value reasonably calculated when there is no market price. Because the certain assumptions are adopted in the calculation of the above value, the value may differ depending on different assumptions etc.

2. Fair value, etc. of financial instruments

The amount on the balance sheet, the market value and the difference between them as of February 28, 2019 are as follows.

	Carrying amount (thousand yen)	Fair value (thousand yen)	Amount of difference (thousand yen)
(1) Cash and deposits	3,238,605	3,238,605	-
(2) Cash and deposits in trust	954,028	954,028	-
Assets total	4,192,633	4,192,633	-
(3) Short-term loans payable	3,260,000	3,260,000	-
(4) Long-term loans payable	30,000,000	30,000,000	-
Liabilities total	33,260,000	33,260,000	-
(5) Derivative transactions (*)	(80,286)	(80,286)	-

The amount on the balance sheet, the market value and the difference between them as of August 31, 2019 are as follows.

	Carrying amount (thousand yen)	Fair value (thousand yen)	Amount of difference (thousand yen)
(1) Cash and deposits	6,081,427	6,081,427	-
(2) Cash and deposits in trust	1,006,748	1,006,748	-
Assets total	7,088,176	7,088,176	-
(3) Short-term loans payable	5,980,000	5,980,000	-
(4) Current portion of long-term loans payable	15,000,000	15,000,000	-
(5) Long-term loans payable	15,000,000	15,000,000	-
Liabilities total	35,980,000	35,980,000	-
(6) Derivative transactions (*)	(82,588)	(82,588)	-

(*) Assets and liabilities arising from derivative transactions are offset and presented in the net amount, with the balance shown in parentheses () when in a net liability position.

(Note1) Calculation method of fair value of financial instruments and derivatives transactions

(1) Cash and deposits ; (2) Cash and deposits in trust;

Because these are settled in a short period of time, the fair value is approximately the same as the book value and thus stated at the book value.

(3) Short-term loans payable

Since these are settled in a short period of time and are variable interest rates, the fair value is approximately equal to the book value, so it is based on the book value.

(5) Long-term loans payable

Those with floating interest rates reflect market interest rates in a short period of time and their fair values are considered to be approximately equal to their book values, so the book values are used.

(6) Derivative transactions

Please refer to “Notes on Derivative Transactions” later in this document.

(Note2) Financial instruments for which estimation of fair value is recognized to be difficult

(Unit: thousand yen)

Category	2nd fiscal period (As of February 28, 2019)	3rd fiscal period (As of August 31, 2019)
Tenant leasehold and security deposits (*1)	-	90,552
Tenant leasehold and security deposits in trust (*1)	2,603,603	2,422,827
Investment securities (*2)	-	103,043

(*1) Tenant leasehold and security deposits in trust and Tenant leasehold and security deposits are not subject to valuation at fair value, because a reasonable estimation of cash flows is recognized to be extremely difficult due to there being no market price and difficulty of calculating the actual deposit period from when lessees move in to when they move out.

(*2) Investment securities are not subject to valuation at fair value, because a reasonable estimation of cash flows is recognized to be extremely difficult due to there being no market price.

(Note 3) Amount of redemption of monetary claims scheduled to be due after the date of settlement of accounts (February 28, 2019)

(Unit: thousand yen)

	Not later than 1 year
Cash and deposits	3,238,605
Cash and deposits in trust	954,028
Total	4,192,633

Amount of redemption of monetary claims scheduled to be due after the date of settlement of accounts (August 31, 2019)

(Unit: thousand yen)

	Not later than 1 year
Cash and deposits	6,081,427
Cash and deposits in trust	1,006,748
Total	7,088,176

(Note 4) Amount of repayment of loans scheduled to be due after the date of settlement of accounts (February 28, 2019)

(Unit: thousand yen)

	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 3 years	Later than 3 years and not later than 4 years	Later than 4 years and not later than 5 years	Later than 5 years
Short-term loans payable	3,260,000	-	-	-	-	-
Long-term loans payable	-	15,000,000	10,000,000	5,000,000	-	-
Total	3,260,000	15,000,000	10,000,000	5,000,000	-	-

Amount of repayment of loans scheduled to be due after the date of settlement of accounts (August 31, 2019)

(Unit: thousand yen)

	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 3 years	Later than 3 years and not later than 4 years	Later than 4 years and not later than 5 years	Later than 5 years
Short-term loans payable	5,980,000	-	-	-	-	-
Long-term loans payable	15,000,000	10,000,000	5,000,000	-	-	-
Total	20,980,000	10,000,000	5,000,000	-	-	-

[Notes on Securities]

2nd fiscal period (As of February 28, 2019)

Not applicable.

3rd fiscal period (As of August 31, 2019)

Silent Partnership Equity Interest as investment securities (103,043 thousand yen) are not subject to valuation at fair value, because a reasonable estimation of cash flows is recognized to be extremely difficult due to there being no market price.

[Notes on Derivative Transactions]

1. Derivative transactions to which hedge accounting is not applied

2nd fiscal period (As of February 28, 2019)

Not applicable.

3rd fiscal period (As of August 31, 2019)

Not applicable.

2. Derivative transactions to which hedge accounting is applied

2nd fiscal period (As of February 28, 2019)

The following is the contract amount or the notional principal provided in the contract as of the date of fiscal period for each hedge accounting method.

(Unit: thousand yen)

Hedge accounting method	Derivative instruments	Hedged item	Contract amount, etc. (Note 1)		Fair value (Note 2)
				Of which, later than 1 year	
Deferred hedge accounting	Interest rate swap floating receivable; fixed payable	Long-term loans payable	30,000,000	30,000,000	△80,286

(Note 1) Contract amount, etc. is based on notional principal.

(Note 2) Fair value is calculated based on the price quoted by lending financial institutions, etc.

3rd fiscal period (As of August 31, 2019)

The following is the contract amount or the notional principal provided in the contract as of the date of fiscal period for each hedge accounting method.

(Unit: thousand yen)

Hedge accounting method	Derivative instruments	Hedged item	Contract amount, etc. (Note 1)		Fair value (Note 2)
				Of which, later than 1 year	
Deferred hedge accounting	Interest rate swap floating receivable; fixed payable	Long-term loans payable	30,000,000	15,000,000	△82,588

(Note 1) Contract amount, etc. is based on notional principal.

(Note 2) Fair value is calculated based on the price quoted by lending financial institutions, etc.

[Notes on Retirement Benefits]

2nd fiscal period (As of February 28, 2019)

Not applicable.

3rd fiscal period (As of August 31, 2019)

Not applicable.

[Notes on Income Taxes]

1. Deferred tax assets and deferred tax liabilities consist of the following:

(Unit: thousand yen)

	2nd fiscal period (As of February 28, 2019)	3rd fiscal period (As of February 28, 2019)
Deferred tax assets		
Non-deductible accrued enterprise tax	16	21
Asset retirement obligations	28,222	27,689
Deferred consumption taxes	-	92
Deferred gains or losses on hedges	25,362	25,982
Total Deferred tax assets	53,600	53,785
Valuation allowance	△26,215	△27,552
Total Deferred tax assets	27,385	26,233
Deferred tax liabilities		
Building and equipment corresponding to the asset retirement obligations	27,369	26,211
Total Deferred tax liabilities	27,369	26,211
Deferred tax assets, net	16	21

2. A reconciliation of the Investment Corporation's effective tax rates and statutory tax rate is as follows:

(Unit:%)

	2nd fiscal period (As of February 28, 2019)	3rd fiscal period (As of February 28, 2019)
Statutory tax rate	31.51	31.51
(Adjustments)		
Deductible distributions	△31.54	△31.53
Other	0.11	0.08
Effective income tax rate	0.08	0.06

[Notes on Related-Party Transactions]

1. Parent company, etc.

2nd fiscal period (from September 1, 2018 to February 28, 2019)

Not applicable.

3rd fiscal period (from March 1, 2019 to August 31, 2019)

Not applicable.

2. Affiliated company, etc.

2nd fiscal period (from September 1, 2018 to February 28, 2019)

Not applicable.

3rd fiscal period (from March 1, 2019 to August 31, 2019)

Not applicable.

3. Fellow subsidiary, etc.

2nd fiscal period (from September 1, 2018 to February 28, 2019)

Not applicable.

3rd fiscal period (from March 1, 2019 to August 31, 2019)

Not applicable.

4. Director, major individual unitholder, etc.

2nd fiscal period (from September 1, 2018 to February 28, 2019)

Type	Name of company, etc. or person	Address	Capital stock or investments in capital (million yen)	Description of business or occupation	Percentage of voting rights, etc. held by (in) TLR(%)	Relationship		Description of transaction	Transaction amount (thousand yen)	Account item	Balance at end of period (thousand yen)
						Concurrent holding of position as officer, etc.	Business relations				
Director	Masayuki Ishihara	—	—	Executive director Takara Leben Real Estate Investment Corporation and Executive Chairman and CEO Takara PAG Real Estate Advisory Limited	—	Executive director Takara Leben Real Estate Investment Corporation and Executive Chairman and CEO Takara PAG Real Estate Advisory Limited		Payment of asset management fee to the Asset Management Company	112,685	Accounts payable - other	121,700

(Note1) Of the amounts above, the transaction amount does not include consumption tax, while the balance at the end of the period includes consumption tax.

(Note2) The transaction is one that was conducted by Masayuki Ishihara as Executive Chairman and CEO of a third party (the Asset Manager), and the transaction amount is based on the terms and conditions provided in the Articles of Incorporation of the Investment Corporation and Asset management agreement.

3rd fiscal period (from March 1, 2019 to August 31, 2019)

Type	Name of company, etc. or person	Address	Capital stock or investments in capital (million yen)	Description of business or occupation	Percentage of voting rights, etc. held by (in) TLR(%)	Relationship		Description of transaction	Transaction amount (thousand yen)	Account item	Balance at end of period (thousand yen)
						Concurrent holding of position as officer, etc.	Business relations				
Director	Masayuki Ishihara	—	—	Executive director Takara Leben Real Estate Investment Corporation and Executive Chairman and CEO Takara PAG Real Estate Advisory Limited	—	Executive director Takara Leben Real Estate Investment Corporation and Executive Chairman and CEO Takara PAG Real Estate Advisory Limited		Payment of asset management fee to the Asset Management Company	153,994	Accounts payable - other	148,925

(Note1) Of the amounts above, the transaction amount does not include consumption tax, while the balance at the end of the period includes consumption tax.

(Note2) The transaction is one that was conducted by Masayuki Ishihara as Executive Chairman and CEO of a third party (the Asset Manager), and the transaction amount is based on the terms and conditions provided in the Articles of Incorporation of the Investment Corporation and Asset management agreement.

(Note3) Asset management fee includes the property acquisition fee included in the book value of individual real estate in the amount of 15,100 thousand yen and silent partnership equity interest in amount of 1,000 thousand yen .

[Notes on Share of Profit (Loss) of Entities Accounted for Using Equity Method, etc.]

2nd fiscal period (from September 1, 2018 to February 28, 2019)

Not applicable.

3rd fiscal period (from March 1, 2019 to August 31, 2019)

Not applicable.

[Notes on Asset Retirement Obligations]

1. Asset retirement obligation booked in the balance sheet

(1) Overview

The Investment Corporation has booked the asset retirement obligations required by regulations to remove asbestos from "Nagoya Center Plaza Building" and "Sendai Nikko Building" obtained as of July 30, 2018, and to eliminate PCB from "Nagoya Center Plaza Building" and "TTS Minami Aoyama Building"

(2) Method of calculating the amount of the asset retirement obligation

	Property	Expected period of use	Discount rate
Asbestos	Nagoya Center Plaza Building	26 years	0.748%
	Sendai Nikko Building	31 years	0.833%
PCB	Nagoya Center Plaza Building	26 years	0.748%
	TTS Minami Aoyama Building	- (Note)	0.784%

(Note) TTS Minami Aoyama Building are held for 30% as of August 31, 2019, because the Investment Corporation disposed for 70% of interest on August 30, 2019. On September 2, 2019, the Investment Corporation disposed for 30% of interest.

(3) Movement of asset retirement obligation

	(Unit: thousand yen)	
	2nd fiscal period From: September 1, 2018 To: February 31, 2019	3rd fiscal period From: March 1, 2018 To: August 31, 2019
Balance at the beginning of the period	89,002	89,338
Increase due to acquisition of tangible fixed assets	-	-
Decrease due to disposition of tangible fixed assets	-	1,665
Adjustment for passage of time	335	342
Balance at the end of the period	89,338	88,015

[Notes on Segment Information]

(Segment information)

Segment information is omitted because the Investment Corporation operates a single segment, which is the real estate leasing business.

[Notes on Investment and Rental Properties]

The Investment Corporation mainly owns Office, Residence, Hotel, Retail and Other for the purpose of obtaining rental income in the four major metropolitan areas and the major regional cities. The amounts recorded in the balance sheet of these real estate for rental, etc., increase / decrease during the period and market value are as follows.

(Unit: thousand yen)

	2nd fiscal period From: September 1, 2018 To: February 31, 2019	3rd fiscal period From: March 1, 2018 To: August 31, 2019
Carrying amount		
Balance at beginning of period	65,183,822	65,016,742
Amount of increase (decrease) during period	△167,079	101,784
Balance at end of period	65,016,742	65,118,526
Fair value at end of period	68,221,000	69,635,000

(Note1) Carrying amount is the amount of the cost of acquisition, less accumulated depreciation.

(Note 2) Of the amount of increase (decrease) in investment and rental properties, the amount of increase is mainly attributable to capex (73,036 thousand yen), while the amount of decrease is mainly attributable to accumulated depreciation (240,116 thousand yen) in 2nd fiscal period. Of the amount of increase (decrease) in investment and rental properties, the amount of increase is mainly attributable to acquisition of real estate of 2 properties (3,074,422 thousand yen) and capex (194,011 thousand yen), while the amount of decrease is mainly attributable to disposition of real estate of 1 property (2,897,067 thousand yen) and accumulated depreciation (258,890 thousand yen) in 3rd fiscal period.

(Note 3) Fair value at the end of the period is the appraisal value by an outside real estate appraiser. Fair value of TTS Minami Aoyama Building is disposition price (1,593,000 thousand yen).

The income (loss) concerning investment and rental properties for the fiscal period ended February 28, 2019 (2nd fiscal period) and the fiscal period ended August 31, 2018 (3rd fiscal period) is as stated in “Notes to the Statement of Income” earlier in this document.

[Notes on Per Unit Information]

	2nd fiscal period From: September 1, 2018 To: February 31, 2019	3rd fiscal period From: March 1, 2018 To: August 31, 2019
Net assets per unit	95,754 yen	97,036 yen
Net income per unit	3,392 yen	4,686 yen

(Note1) Net income per unit is calculated by dividing net income by daily weighted average number of investment units. In addition, diluted net income per unit is not stated, because there are no diluted investment units.

(Note2) The basis for calculation of net income per unit is as follows:

	2nd fiscal period From: September 1, 2018 To: February 31, 2019	3rd fiscal period From: March 1, 2018 To: August 31, 2019
Net income (thousand yen)	1,171,992	1,619,213
Amount not attributable to common unitholders (thousand yen)	-	-
Net income attributable to common investment units (thousand yen)	1,171,992	1,619,213
Average number of investment units during period (units)	345,500	345,500

[Notes on Significant Subsequent Events]

1 Issuance of new investment units

The Investment Corporation resolved to issue new investment units at the Board of Directors meeting held on August 15, 2019 and August 26, 2019, and issued 117,000 new investment units through public offering. As of September 2, 2019, payment (13,197,600,000 yen) has been completed. As a result, as of September 2, 2019, the total investment amount is 45,189,272 thousand yen, and the total number of issued investment units is 462,500 unit.

< Issuance of new Investment Units through Public Offering (the “Primary Offering”) >

- Number of Investment Units to be offered 117,000 units
- Issue price (offer price) 117,000 yen per unit
- Total amount of issue price (total offer price) 13,689,000,000 yen
- Amount to be paid (issue amount) 112,800 yen per unit
- Total amount to be paid (total issue amount) 13,197,600,000 yen
- Payment date September 2, 2019
- Use of proceeds The proceeds from the Primary Offering will be allocated partially to fund the acquisition of assets described in the “3 Acquisition of Assets”. The remainder of the proceeds will be allocated partially to repayment of borrowings.

2 Borrowing of funds

As of September 3, 2019, the Investment Corporation borrowed for use as part of the funds for acquisition of assets described in the “3 Acquisition of Assets” as of today and payment of expenses incidental thereto.

In the "3 Acquisition of Assets" as of today and payment of expenses incidental thereto.								
Category (Note1)	Lender	Expected Loan Amount (millions of yen)	Interest Rate (Note4)	Expected Drawdown Date	Borrowing Method	Repayment Date (Note5)	Repayment Method	Notes
Long-term loans	Loan syndicate with Sumitomo Mitsui Banking Corporation as arranger (Note2)	500	Base interest ³ + 0.500%	September 3, 2019	Borrowing based on individual loan agreements to be executed on August 30, 2019	August 31, 2023	Lump-sum repayment at maturity	Unsecured/ unguaranteed
		5,500	0.6120%			August 31, 2023		
		7,400	0.7158%			August 30, 2024		
Total		13,400	—	—	—	—	—	—

(Note1) “Long-term” means loans due after one year from the drawdown date. The same applies hereafter.

(Note2) “Loan syndicate” consists of Sumitomo Mitsui Banking Corporation, Mizuho Bank, Ltd., Shinsei Bank, Limited, Sumitomo Mitsui Trust Bank, Limited, Aozora Bank, Limited, THE NISHI-NIPPON CITY BANK, LTD, Resona Bank, Limited, The Hiroshima Bank, Ltd, The Iyo Bank, Ltd. and The Kiyo Bank, Ltd.

(Note3) The base interest rate is the 3-month Japanese Yen TIBOR published by the JBA TIBOR Administration. However, when there is no interest rate published corresponding to the period, the base interest rate will be calculated using the method stipulated in each loan agreement. In addition, the base rate corresponding to the calculation period of each interest payment date is determined two business days prior to the borrowing date for the first time, and then two business days before the interest payment date immediately before the interest calculation period.

(Note4) The first interest payment date shall be the end of November 2019, and subsequent interest payment dates shall be the end of February, May, August and November of each year thereafter, and the principal repayment dates. However, if the dates do not fall on a business day, payment will be made on the immediately following business day. If the immediately following business day falls in the next calendar month, payment will be made on the preceding business day.

(Note5) We can make an early repayment of all or part of our borrowings, subject to certain conditions, upon a prior written notice to the relevant financial institutions by the repayment date. However, if the repayment dates do not fall on a business day, payment will be made on the immediately following business day. If the immediately following business day falls in the next calendar month of the repayment date, payment will be made on the preceding business day.

3 Acquisition of Assets

The Investment Corporation acquired the following domestic real estate trust beneficiary rights on September 3, 2019.

Category	Property Number (Note1)	Property	Location (city or ward, prefecture)	Acquisition price (million yen) (Note2)
Residential	R-07	LUXENA HEIWADAI	Nerima-ku, Tokyo	3,910
	R-08	LUXENA KACHIDOKI	Chuo-ku, Tokyo	1,120
Hotel	H-04	Arietta Hotel Nagoya	Nagoya, Aichi	2,500
Retail and Other	C-04	Almost Blue	Minato-ku, Tokyo	6,520
	C-05	Kaden Sumairu Kan YAMADA Matsuyama Toiyacho	Matsuyama, Ehime	4,030
	C-06	Kaden Sumairu Kan YAMADA Kobe Tarumi (Land)	Kobe, Hyogo	4,250
Total			—	22,330

(Note1) "Property Number" is the code and number assigned to the portfolio assets of the Investment Corporation by property according to each type of use. The code "R" represents residential property, "H" represents hotel property and "C" represents retail and other property.

(Note2) "Acquisition price" is the amount of the sale and purchase price stated in the sale and purchase agreement of trust beneficiary interests in real estate already executed for each of the Acquired Assets (not including consumption tax and local consumption tax or brokerage fees and other expenses), rounded down to the nearest million yen.

(9) Changes in Investment Units Issued and Outstanding

The total amount of investment and the total number of outstanding investment units until the end of August 31, 2019 are as follows.

Date	Event	Unitholders' capital (thousand yen)		Total number of investment units issued and outstanding (units)		Remarks
		Increase (Decrease)	Balance	Increase (Decrease)	Balance	
September 11,2017 (Note1)	Establishment through private placement	150,000	150,000	150	150	(Note2)
April 21,2018	Investment Unit Split	—	150,000	1,350	1,500	(Note3)
July 26,2018	Capital increase through public offering	31,841,672	31,991,672	344,000	345,500	(Note4)

(Note1) The Investment Corporation were incorporated on September 11, 2017

(Note2) New investment units were issued at an offer price of 1,000,000 yen per unit upon the establishment of the Investment Corporation.

(Note3) We conducted a 10-for-1 unit split on April 21, 2018

(Note4) New investment units were issued through public offering at an issue price of 96,000 yen (paid-in amount of 92,563 yen) per unit for the purpose of acquisition of new properties, etc.

3. Reference Information

(1) Prices of assets

① Investment Status

Type of asset	Primary use	Geographic area (Note 1)	2nd fiscal period (As of February 28, 2019)		3rd fiscal period (As of August 31, 2019)	
			Total amount held (million yen) (Note 2)	As a percentage of total assets (%) (Note 3)	Total amount held (million yen) (Note 2)	As a percentage of total assets (%) (Note 3)
Real estate	Office	Four major metropolitan areas	-	-	-	-
		Major regional cities	-	-	-	-
	Residence	Four major metropolitan areas	-	-	-	-
		Major regional cities	-	-	-	-
	Hotel	Four major metropolitan areas	-	-	-	-
		Major regional cities	-	-	2,548	3.5
	Retail and Other	Four major metropolitan areas	-	-	511	0.7
		Major regional cities	-	-	-	-
	Subtotal			-	3,059	4.2
Real estate in trust	Office	Four major metropolitan areas	44,248	63.6	41,304	56.8
		Major regional cities	8,166	11.7	8,185	11.3
	Residence	Four major metropolitan areas	4,909	7.1	4,893	6.7
		Major regional cities	1,214	1.7	1,209	1.7
	Hotel	Four major metropolitan areas	-	-	-	-
		Major regional cities	4,440	6.4	4,436	6.1
	Retail and Other	Four major metropolitan areas	994	1.4	993	1.4
		Major regional cities	1,042	1.5	1,034	1.4
	Subtotal		65,016	93.5	62,059	85.3
Investment securities (Note4)			-	-	103	0.1
Deposits and other assets			4,507	6.5	7,515	10.3
Total amount of assets			69,523	100.0	72,736	100.0

	2nd fiscal period (As of February 28, 2019)		3rd fiscal period (As of August 31, 2019)	
	Amount (million yen)	As a percentage of total assets (%)(Note 3)	Amount (million yen)	As a percentage of total assets (%)(Note 3)
Total amount of liabilities (Note2)	36,440	52.4	39,210	53.9
Total amount of net assets (Note2)	33,083	47.6	33,526	46.1

(Note1) References to Japan's "four major metropolitan areas" are to the Tokyo, Nagoya, Osaka and Fukuoka metropolitan areas. "Tokyo metropolitan area" are to Tokyo, Kanagawa, Chiba and Saitama prefectures. "Osaka metropolitan area" are to Osaka, Kyoto and Hyogo prefectures. "Nagoya metropolitan area" are to Aichi, Gifu and Mie prefectures. "Fukuoka metropolitan area" are to Fukuoka prefecture.

References to Japan's "major regional cities" are to ordinance-designated cities, core cities, specially-designated cities and prefectural capital cities, excluding those included in Japan's four major metropolitan areas. References to "ordinance-designated cities" are to the cities of Sapporo, Sendai, Niigata, Shizuoka, Hamamatsu, Okayama, Hiroshima and Kumamoto as of the end of the period. References to "core cities" are to Japanese cities that have a population of at least 200,000 persons and are designated as such by an ordinance under the Local Autonomy Act of Japan. References to "specially-designated cities" are to Japanese cities that had a population of at least 200,000 persons and were designated as such by an ordinance under the same act at the time of the abolishment of the system of specially-designated cities as of April 1, 2015.

(Note2) "Total amount held", "Total amount of liabilities" and "Total amount of net assets" are based on the balance sheet as of February 28, 2019 (real estate in trust, the book value after depreciation), and as of August 31, 2019, respectively, rounded down to the nearest million yen is stated.

(Note3) "As a percentage of total assets" rounded to the second decimal place.

(Note4) Silent partnership equity interest in Godo Kaisya Island Shia 2nd

② Invested Assets

a Major investment securities

As of August 31, 2019, the Investment Corporation holds following investment securities.

Name of investment securities	Category	Unit	Book value (thousand yen)		Valuation (thousand yen) (Note1)		Gain / Loss (thousand yen)	Notes
			Unit price	Price	Unit price	Price		
Silent partnership equity interest in Godo Kaisya Island Shia 2nd	Silent partnership equity interest	—	—	103,043	—	146,278	43,235	(Note2)
Total	—	—	—	103,043	—	146,278	43,235	—

(Note1) The valuation is calculated by the method stipulated in the terms of article of the Investment Corporation.

(Note2) Assets under management are trust beneficiary interests in which “Almost Blue”, “Kaden Sumairu Kan YAMADA Matsuyama Toiyacho” and “Kaden Sumairu Kan YAMADA Kobe Tarumi (Land)” are the underlying assets.

b Investment property

As of August 31, 2019, the Investment Corporation holds real estate and trust beneficiary interests in real estate.

Therefore, for convenience of reference, the following “c Other major investment assets” summarizes the real estate and the trust beneficiary rights in real estate.

c Other major investment assets

(a) Summary of Investment Assets

The Investment Assets held by the Investment Corporation as of August 31, 2019 (Trust beneficiary right with real estate or real estate as a trust property, hereinafter collectively referred to as "investment assets").

Category	Property Number (Note1)	Property	Location (city or ward, prefecture)	Acquisition price (million yen) (Note2)	Percentage of total acquisition price (%) (Note3)	Book value (million yen)	Appraisal value (million yen) (Note4)	Acquisition date
Office	O-01	NT Building	Shinagawa-ku, Tokyo	12,350	19.1	12,437	13,300	July 30, 2018
	O-02	Higashi-Ikebukuro Central Place	Toshima-ku, Tokyo	9,780	15.2	9,889	10,400	July 30, 2018
	O-03	Nagoya Center Plaza Building	Nagoya, Aichi	4,870	7.5	4,977	4,910	July 30, 2018
	O-04	TTS Minami Aoyama Building	Minato-ku, Tokyo	1,227	1.9	1,241	1,290	July 30, 2018
	O-05	Omiya NSD Building	Saitama, Saitama	3,493	5.4	3,529	3,840	July 30, 2018
	O-06	SAMTY Shin-Osaka Center Building	Osaka, Osaka	3,450	5.3	3,450	3,620	July 30, 2018
	O-07	Hakata Gion Building	Fukuoka, Fukuoka	2,500	3.9	2,512	2,620	July 30, 2018
	O-08	Chuo Bakuromachi Building	Osaka, Osaka	1,485	2.3	1,487	1,900	July 30, 2018
	O-09	L.Biz Jimbocho Building	Chiyoda-ku, Tokyo	1,006	1.6	1,016	1,140	July 30, 2018
	O-10	Shinsaibashi Building	Osaka, Osaka	772	1.2	764	805	July 30, 2018
	O-11	L.Biz Sendai	Sendai, Miyagi	1,680	2.6	1,681	1,770	July 30, 2018
	O-12	Sendai Nikko Building	Sendai, Miyagi	1,740	2.7	1,771	1,790	July 30, 2018
	O-13	Morioka Ekimae-dori Building	Morioka, Iwate	1,480	2.3	1,489	1,680	July 30, 2018
	O-14	Nagano Central Building	Nagano, Nagano	898	1.4	933	1,060	July 30, 2018
	O-15	EME Koriyama Building	Koriyama, Fukushima	900	1.4	913	1,030	July 30, 2018
	O-16	Utsunomiya Central Building	Utsunomiya, Tochigi	771	1.2	785	988	July 30, 2018
	O-17	Yamagata Ekimae-dori Building	Yamagata, Yamagata	600	0.9	610	748	July 30, 2018
	Subtotal			—	49,003	75.9	49,490	52,891
Residence	R-01	Amare Tokaidori	Nagoya, Aichi	1,100	1.7	1,099	1,240	July 30, 2018
	R-02	Dormy Ukimafunado	Itabashi-ku, Tokyo	1,080	1.7	1,092	1,120	July 30, 2018
	R-03	Benefis Hakata-Minami Grand Sweet	Fukuoka, Fukuoka	1,032	1.6	1,034	1,100	July 30, 2018
	R-04	LUXENA HIGASHI-KOENJI	Suginami-ku, Tokyo	1,060	1.6	1,069	1,080	July 30, 2018
	R-05	Alpha Space Toritsudai	Meguro-ku, Tokyo	589	0.9	597	608	July 30, 2018
	R-06	J City Hatchobori	Hiroshima, Hiroshima	1,200	1.9	1,209	1,330	July 30, 2018
Subtotal			—	6,061	9.4	6,103	6,478	—
Hotel	H-01	Dormy Inn Matsuyama	Matsuyama,Ehime	2,427	3.8	2,406	2,550	July 30, 2018
	H-02	Hotel Sunshine Utsunomiya	Utsunomiya, Tochigi	2,000	3.1	2,030	2,100	July 30, 2018
	H-03	Dormy Inn Morioka	Morioka, Iwate	2,520	3.9	2,548	2,550	June 28, 2019
	Subtotal			—	6,947	10.8	6,984	7,200
Retail and other assets	C-01	Prio Daimyo II	Fukuoka, Fukuoka	980	1.5	993	1,090	July 30, 2018
	C-02	Co-op Sapporo Syunko	Asahikawa, Hokkaido	1,036	1.6	1,034	1,100	July 30, 2018
	C-03	TA Shonan Kugenumakaigan	Fujisawa, Kanagawa	500	0.8	511	573	March 28, 2019
	Subtotal			—	2,516	3.9	2,540	2,763
Total			—	64,527	100.0	65,118	69,332	—

(Note1) The code "O" represents office properties, "R" represents residential properties, "H" represents hotel properties and "C" represents retail and other properties.

(Note2) "Acquisition price" is the amount of the sale and purchase price of real estate, etc. stated in the trust beneficiary right transfer contract (hereinafter, the "Sale and Purchase Contract") for each portfolio asset (not including consumption tax and local consumption tax or brokerage fees and other expenses), rounded down to the nearest million yen.

(Note3) The sum of the ratio of the investment ratio of each acquired asset may not match the ratio described in the "total" column and "subtotal" column, since the Acquisition price of each acquired asset to the total amount of Acquisition price, rounded off to the second decimal place.

(Note4) "Appraisal value" indicates the appraisal value stated in the real estate appraisal report as of August 31, 2019. In addition, it is a generic name of each real estate appraisal report created by entrusting the appraisal evaluation of each invested asset to a real estate appraiser or an appraisal evaluation institution based on the evaluation standards.

(Note5) "TTS Minami Aoyama Building" transferred 70% quasi-co-ownership as of August 30, 2019, so "acquisition price", "investment ratio", "end book value" and "appraisal value" for the property Indicates the amount or ratio of 30% quasi-co-ownership interests held as of August 31, 2019. The transfer of 30% quasi-co-ownership interest was completed on September 2, 2019.

(b) Summary of Buildings

The Buildings held by the Investment Corporation as of August 31, 2019 are as follows:

Category	Property Number	Property	Date of Construction (Note1)	Number of tenants (Note2)	Annual contracted rent (in million) (Note3)	Leasehold and security deposits (in million) (Note4)	Total leased area (㎡) (Note5)	Total leasable area (㎡) (Note6)	Occupancy rate (%) (Note7)
Office	O-01	NT Building	March 1996	14	621	523	10,104.12 (Note9)	10,104.12 (Note9)	100.0
	O-02	Higashi-Ikebukuro Central Place (Note8)	November 1984	8	476	405	7,793.60	7,793.60	100.0
	O-03	Nagoya Center Plaza Building	November 1978	34	338	277	9,531.70	9,560.86	99.7
	O-04	TTS Minami Aoyama Building (Note10)	May 1984	7	58	43	598.69 (Note10)	598.69	100.0
	O-05	Omiya NSD Building	March 1993	10	206	138	4,006.68	4,006.68	100.0
	O-06	SAMTY Shin-Osaka Center Building	April 1991	8	190	94	4,912.77	5,022.79	97.8
	O-07	Hakata Gion Building	November 2007	14	140	61	3,488.99	3,653.70	95.5
	O-08	Chuo Bakuromachi Building	April 1993	19	103	43	3,650.67	3,739.57	97.6
	O-09	L.Biz Jimbocho Building	June 2009	1	53	35	859.82	859.82	100.0
	O-10	Shinsaibashi Building	December 1990	7	47	21	1,408.52	1,408.52	100.0
	O-11	L.Biz Sendai	March 1993	29	113	74	3,368.96	3,368.96	100.0
	O-12	Sendai Nikko Building	March 1989	5	102	77	2,227.41	2,540.11	87.7
	O-13	Morioka Ekimae-dori Building	April 1987	20	138	103	4,257.73	4,480.31	95.0
	O-14	Nagano Central Building	November 1994	20	78	54	2,247.43 (Note9)	2,619.93 (Note9)	85.8
	O-15	EME Koriyama Building	March 1988	19	93	82	2,736.25	2,931.65	93.3
	O-16	Utsunomiya Central Building	September 1995	19	86	56	2,712.50	2,768.91	98.0
	O-17	Yamagata Ekimae-dori Building	November 1984	7	51	31	1,826.62	2,505.92	72.9
	Subtotal／Average				241	2,901	2,125	65,732.46	67,964.14
Residence	R-01	Amare Tokaidori	July 2007	82	73	11	2,818.89	2,935.38	96.0
	R-02	Dormy Ukimafunado	April 1997	2	62	48	2,462.60	2,462.60	100.0
	R-03	Benefis Hakata-Minami Grand Sweet	March 2009	65	64	1	2,633.12	2,782.51	94.6
	R-04	LUXENA HIGASHI-KOENJI	July 2008	34	58	11	1,362.74	1,405.29	97.0
	R-05	Alpha Space Toritsudai	April 1990	13	35	3	907.13	907.13	100.0
	R-06	J City Hatchobori	November 2005	65	83	13	2,597.89	2,623.39	99.0
	Subtotal／Average				261	378	90	12,782.37	13,116.30
Hotel	H-01	Dormy Inn Matsuyama	October 2017	1	153	51	5,119.15	5,119.15	100.0
	H-02	Hotel Sunshine Utsunomiya	February 1991	1	128	31	5,267.16	5,267.16	100.0
	H-03	Dormy Inn Morioka	March 2019	1	149	74	5,046.83	5,046.83	100.0
	Subtotal／Average				3	431	157	15,433.14	15,433.14
Retail and other assets	C-01	Prio Daimyo II	April 2002	6	55	39	761.01	761.01	100.0
	C-02	Co-op Sapporo Syunko	August 1994	1	83	83	7,214.92	7,214.92	100.0
	C-03	TA Shonan Kugenumakaigan	February 2017	3	31	15	626.92	626.92	100.0
	Subtotal／Average				10	170	138	8,602.85	8,602.85
Total／Average				515	3,881	2,513	102,550.82	105,116.43	97.6

- (Note1) "Date of Construction" of the main building, as described in the property registry.
- (Note2) The number of tenants is equal to the aggregate number of end tenants with which lease agreements have been entered into as of August 31, 2019. For properties with master lease agreements, if the master lease agreement is a pass-through-type master lease agreement, the number of end tenants is indicated and if the master lease agreement is a fixed-type master lease agreement, the number of master lessees is indicated.
- (Note3) The annual contracted rent for each property is yearly rent described in the lease agreements or calculated by multiplying the aggregate anticipated monthly rent (limited to rent for space occupied by tenants as of August 31, 2019), including common service fee (if any) and excluding usage fees for warehouses, parking lots and sales-linked rents, regardless of whether the rent was free or discounted as of August 31, 2019, as indicated in the lease agreements as of August 31, 2019, by 12 (if there are multiple lease agreements, the aggregate anticipated monthly rent for all lease agreements), excluding consumption tax.
- (Note4) Indicates the total leasehold and security deposits from the relevant tenants set forth in lease agreements effective as of August 31, 2019.
- (Note5) The total leased area is equal to total leased area to tenant in each property based on the lease agreements for building or floor plans as of August 31, 2019.
- (Note6) The total leasable area is equal to gross floor area of leasable space in each property, based on the lease agreements for building or floor plans as of August 31, 2019.
- (Note7) The occupancy rate is calculated by dividing total leased area (as of August 31, 2019) for each property by the total leasable area. The subtotal and total is calculated by dividing aggregate leased area for each property type by aggregate leasable area.
- (Note8) Higashi-Ikebukuro Central Place will be changed from fixed-type master lease to pass-through-type master lease based on a memorandum of understanding of the master lease and real estate management business consignment change agreement on April 12, 2019.
- (Note9) For NT Building and Nagano Central Building, the figures provided are in proportion to our compartmentalized ownership.
- (Note10) "TTS Minami Aoyama Building" transferred 70% quasi-co-ownership as of August 30, 2019, so "acquisition price", "investment ratio", "end book value" and "appraisal value" for the property Indicates the amount or ratio of 30% quasi-co-ownership interests held as of August 31, 2019. The transfer of 30% quasi-co-ownership interest was completed on September 2, 2019.

(c) Individual property profit

The income and expenditure situation of individual property in the current term is as follows.

(Unit: thousand yen)

Property Number	O-01	O-02	O-03	O-04	O-05
Property	NT Building	Higashi-Ikebukuro Central Place	Nagoya Center Plaza Building	TTS Minami Aoyama Building	Omiya NSD Building
① Lease business revenue	344,766	231,417	199,386	101,691	121,086
Lease business revenue	315,591	210,052	177,733	96,673	114,643
Other lease business revenue	29,174	21,364	21,652	5,018	6,442
② Operating expenses from real estate leasing	97,470	78,847	68,585	23,281	40,585
Management fee	20,560	39,367	24,093	3,854	15,537
Utilities expenses	29,782	15,804	24,669	3,322	6,635
Taxes and dues	27,807	14,458	15,504	7,698	7,854
Insurance premium	521	307	472	74	163
Repair expenses	18,351	8,190	3,192	7,880	10,023
Trust fee	400	375	300	373	300
Other expenses	46	345	352	76	71
③ NOI(①-②)	247,296	152,569	130,800	78,410	80,500
④ Depreciation	34,452	24,463	18,358	3,676	6,588
⑤ Operating income (loss) from real estate leasing (③-④)	212,843	128,106	112,442	74,734	73,912

(Unit: thousand yen)

Property Number	O-06	O-07	O-08	O-09	O-10
Property	SAMTY Shin-Osaka Center Building	Hakata Gion Building	Chuo Bakuromachi Building	L.Biz Jimbocho Building	Shinsaibashi Building
① Lease business revenue	113,018	90,089	65,842	26,913	28,904
Lease business revenue	102,341	76,617	58,030	26,527	21,771
Other lease business revenue	10,677	13,472	7,812	386	7,132
② Operating expenses from real estate leasing	30,349	29,432	23,794	4,260	21,017
Management fee	8,612	9,171	6,091	1,780	8,113
Utilities expenses	9,349	6,767	6,421	—	3,431
Taxes and dues	9,417	7,124	7,912	1,738	4,424
Insurance premium	189	140	148	26	72
Repair expenses	2,338	5,789	2,777	382	4,532
Trust fee	400	400	400	300	400
Other expenses	41	39	43	33	42
③ NOI(①-②)	82,669	60,657	42,047	22,652	7,887
④ Depreciation	10,894	11,340	3,625	2,548	2,733
⑤ Operating income (loss) from real estate leasing (③-④)	71,775	49,316	38,422	20,104	5,153

(Unit: thousand yen)

Property Number	O-11	O-12	O-13	O-14	O-15
Property	L.Biz Sendai	Sendai Nikko Building	Morioka Ekimae-dori Building	Nagano Central Building	EME Koriyama Building
① Lease business revenue	68,825	65,175	80,389	48,002	53,255
Lease business revenue	61,095	60,550	76,334	44,652	50,398
Other lease business revenue	7,729	4,624	4,055	3,349	2,856
② Operating expenses from real estate leasing	20,834	22,165	29,919	21,791	17,294
Management fee	8,055	5,907	10,998	7,257	7,586
Utilities expenses	5,181	4,848	6,885	4,201	5,428
Taxes and dues	4,879	7,374	4,969	4,551	2,898
Insurance premium	151	116	206	146	125
Repair expenses	2,228	3,380	6,431	5,291	894
Trust fee	300	450	375	300	300
Other expenses	38	88	53	44	60
③ NOI(①-②)	47,990	43,010	50,470	26,210	35,960
④ Depreciation	8,768	5,506	14,644	8,196	8,901
⑤ Operating income (loss) from real estate leasing (③-④)	39,222	37,503	35,826	18,014	27,059

(Unit: thousand yen)

Property Number	O-16	O-17	R-01	R-02	R-03
Property	Utsunomiya Central Building	Yamagata Ekimae-dori Building	Amare Tokaidori	Dormy Ukimafunado	Benefis Hakata-Minami Grand Sweet
① Lease business revenue	48,520	33,865	40,202	32,302	35,983
Lease business revenue	45,222	30,235	38,296	31,836	34,675
Other lease business revenue	3,297	3,630	1,906	466	1,308
② Operating expenses from real estate leasing	21,422	15,741	10,913	18,040	12,790
Management fee	10,579	7,103	4,062	541	3,371
Utilities expenses	4,073	4,372	248	—	260
Taxes and dues	4,741	3,448	2,148	1,656	2,597
Insurance premium	127	118	78	59	74
Repair expenses	1,559	348	3,884	15,449	5,853
Trust fee	300	300	300	300	300
Other expenses	41	50	190	33	333
③ NOI(①-②)	27,097	18,124	29,288	14,262	23,193
④ Depreciation	6,153	5,963	8,671	2,653	6,692
⑤ Operating income (loss) from real estate leasing (③-④)	20,944	12,161	20,617	11,608	16,501

(Unit: thousand yen)

Property Number	R-04	R-05	R-06	H-01	H-02
Property	LUXENA HIGASHI-KOENJI	Alpha Space Toritsudai	J City Hatchobori	Dormy Inn Matsuyama	Hotel Sunshine Utsunomiya
① Lease business revenue	29,992	17,728	43,254	76,629	64,263
Lease business revenue	29,098	17,472	40,555	76,500	64,263
Other lease business revenue	894	256	2,699	129	—
② Operating expenses from real estate leasing	21,744	3,449	11,031	9,040	16,267
Management fee	4,102	1,517	5,265	765	364
Utilities expenses	175	310	459	906	—
Taxes and dues	1,538	981	2,868	6,883	6,776
Insurance premium	38	28	75	144	162
Repair expenses	15,552	197	2,012	—	8,524
Trust fee	300	375	300	300	400
Other expenses	35	37	50	41	39
③ NOI(①-②)	8,248	14,278	32,223	67,588	47,996
④ Depreciation	3,431	1,195	4,743	19,220	12,378
⑤ Operating income (loss) from real estate leasing (③-④)	4,816	13,083	27,480	48,367	35,617

(Unit: thousand yen)

Property Number	H-01	C-01	C-02	C-03
Property	Dormy Inn Morioka	Prio Daimyo II	Co-op Sapporo Shunko	TA Shonan Kugenumakaigan
① Lease business revenue	26,235	31,095	41,760	14,806
Lease business revenue	26,235	27,485	41,760	13,529
Other lease business revenue	—	3,610	—	1,277
② Operating expenses from real estate leasing	339	7,513	5,245	2,258
Management fee	262	2,219	417	896
Utilities expenses	—	2,884	—	1,327
Taxes and dues	14	1,776	3,940	4
Insurance premium	60	18	96	12
Repair expenses	—	175	455	15
Trust fee	—	400	300	—
Other expenses	1	39	35	3
③ NOI(①-②)	25,896	23,582	36,514	12,548
④ Depreciation	13,561	1,103	7,059	1,365
⑤ Operating income (loss) from real estate leasing (③-④)	12,334	22,478	29,454	11,182

(d) Summary of Appraisal value

Category	Property Number	Property	Appraisals	Appraisal value (in million)	Direct Capitalization Method		Discounted Cash Flow Method			Appraisal NOI (in million) (注1)	Appraisal NOI Yield (%) (注2)
					Price based on direct capitalization method (in million)	Capitalization rate (%)	Price based on DCF method (in million)	Discount rate (%)	Terminal Cap rate (%)		
Office	O-01	NT Building	Japan Real Estate Institute	13,300	13,600	4.0	13,000	3.7	4.2	565	4.6
	O-02	Higashi-Ikebukuro Central Place	Japan Real Estate Institute	10,400	10,600	4.0	10,200	3.8	4.2	430	4.4
	O-03	Nagoya Center Plaza Building	Japan Real Estate Institute	4,910	4,970	5.0	4,840	4.8	5.2	269	5.5
	O-04	TTS Minami Aoyama Building	Tanizawa Sōgō Appraisal Co., Ltd.	1,290	1,320	3.6	1,280	3.7	3.8	48	4.0
	O-05	Omiya NSD Building	Daiwa Real Estate Appraisal Co., Ltd.	3,840	3,950	4.7	3,790	4.5	4.9	193	5.5
	O-06	SAMTY Shin-Osaka Center Building	Daiwa Real Estate Appraisal Co., Ltd.	3,620	3,750	4.4	3,570	4.2	4.6	178	5.2
	O-07	Hakata Gion Building	Daiwa Real Estate Appraisal Co., Ltd.	2,620	2,650	4.4	2,600	4.2	4.6	119	4.8
	O-08	Chuo Bakuromachi Building	Daiwa Real Estate Appraisal Co., Ltd.	1,900	1,930	4.3	1,890	4.1	4.5	91	6.2
	O-09	L.Biz Jimbocho Building	Tanizawa Sōgō Appraisal Co., Ltd.	1,140	1,170	3.8	1,130	3.9	4.0	45	4.5
	O-10	Shinsaibashi Building	Daiwa Real Estate Appraisal Co., Ltd.	805	829	4.3	795	4.1	4.5	40	5.3
	O-11	L.Biz Sendai	JLL Morii Valuation & Advisory K.K.	1,770	1,810	4.8	1,730	4.6	5.0	93	5.6
	O-12	Sendai Nikko Building	Tanizawa Sōgō Appraisal Co., Ltd.	1,790	1,850	4.4	1,770	4.5	4.6	88	5.1
	O-13	Morioka Ekimae-dori Building	Daiwa Real Estate Appraisal Co., Ltd.	1,680	1,680	5.8	1,680	5.6	6.0	104	7.0
	O-14	Nagano Central Building	Daiwa Real Estate Appraisal Co., Ltd.	1,060	1,080	5.7	1,050	5.5	5.9	69	7.7
	O-15	EME Koriyama Building	Daiwa Real Estate Appraisal Co., Ltd.	1,030	1,020	5.7	1,030	5.5	5.9	65	7.3
	O-16	Utsunomiya Central Building	Daiwa Real Estate Appraisal Co., Ltd.	988	1,010	5.5	979	5.3	5.7	67	8.7
	O-17	Yamagata Ekimae-dori Building	Daiwa Real Estate Appraisal Co., Ltd.	748	768	5.7	739	5.5	5.9	49	8.3
Subtotal/Average				52,891	53,987	—	52,073	—	—	2,522	5.1

Category	Property Number	Property	Appraisals	Appraisal value (in million)	Direct Capitalization Method		Discounted Cash Flow Method			Appraisal NOI (in million) (注1)	Appraisal NOI Yield (%) (注2)
					Price based on direct capitalization method (in million)	Capitalization rate (%)	Price based on DCF method (in million)	Discount rate (%)	Terminal Cap rate (%)		
Residence	R-01	Amare Tokaidori	Tanizawa Sogo Appraisal Co., Ltd.	1,240	1,250	4.6	1,230	4.7	4.8	60	5.5
	R-02	Dormy Ukimafunado	JLL Morii Valuation & Advisory K.K.	1,120	1,130	4.6	1,100	4.4	4.8	57	5.3
	R-03	Benefis Hakata- Minami Grand Sweet	Tanizawa Sogo Appraisal Co., Ltd.	1,100	1,110	4.7	1,090	4.8	4.9	55	5.3
	R-04	LUXENA HIGASHI- KOENJI	Tanizawa Sogo Appraisal Co., Ltd.	1,080	1,100	4.0	1,070	4.1	4.2	45	4.3
	R-05	Alpha Space Toritsudai	Daiwa Real Estate Appraisal Co., Ltd.	608	619	4.0	603	3.8	4.2	27	4.7
	R-06	J City Hatchobori	Tanizawa Sogo Appraisal Co., Ltd.	1,330	1,340	4.8	1,320	4.9	5.0	66	5.6
	Subtotal/Average			6,478	6,549	—	6,413	—	—	312	5.2
Hotel	H-01	Dormy Inn Matsuyama	Chuo Real Estate Appraisal Co., Ltd.	2,550	2,510	5.0	2,560	4.8	5.2	131	5.4
	H-02	Hotel Sunshine Utsunomiya	Daiwa Real Estate Appraisal Co., Ltd.	2,100	2,090	4.9	2,100	4.7	5.1	113	5.7
	H-03	Dormy Inn Morioka	Chuo Real Estate Appraisal Co., Ltd.	2,550	2,580	4.9	2,530	4.7	5.1	129	5.1
	Subtotal/Average			7,200	7,180	—	7,190	—	—	374	5.4
Retail and other assets	C-01	Prio Daimyo II	Daiwa Real Estate Appraisal Co., Ltd.	1,090	1,120	4.1	1,080	3.9	4.3	46	4.7
	C-02	Co-op Sapporo Syunko	Chuo Real Estate Appraisal Co., Ltd.	1,100	1,100	6.2	1,100	6.0	6.4	70	6.8
	C-03	TA Shonan Kugenumakaigan	Daiwa Real Estate Appraisal Co., Ltd.	573	581	4.7	569	4.5	4.9	27	5.5
	Subtotal/Average			2,763	2,801	—	2,749	—	—	144	5.7
Total/Average				69,332	70,517	—	68,425	—	—	3,355	5.2

(e) Engineering, Environmental and Seismic Reviews

Category	Property Number	Property	Surveyor	Survey date	Emergency repair expenses (in thousand) (Note1)	Short-term repair expenses (in thousand) (Note1)	Long-term repair expenses (in thousand) (Note2)	Repurchase price (in million) (Note3)	PML (%) (Note4)
Office	O-01	NT Building	Tokio Marine & Nichido Risk Consulting Co., Ltd.	February 2018	0	0	37,390	4,752	1.2
	O-02	Higashi-Ikebukuro Central Place	Tokio Marine & Nichido Risk Consulting Co., Ltd.	February 2018	0	0	14,178	2,796	2.9
	O-03	Nagoya Center Plaza Building	Daiwa Real Estate Appraisal Co., Ltd.	February 2018	0	0	34,889	4,302	2.2
	O-04	TTS Minami Aoyama Building	Tokio Marine & Nichido Risk Consulting Co., Ltd.	February 2018	0	0	8,052	585	7.9
	O-05	Omiya NSD Building	Daiwa Real Estate Appraisal Co., Ltd.	February 2018	0	0	14,593	1,485	4.8
	O-06	SAMTY Shin-Osaka Center Building	Daiwa Real Estate Appraisal Co., Ltd.	March 2018	0	0	19,719	1,722	9.5
	O-07	Hakata Gion Building	Daiwa Real Estate Appraisal Co., Ltd.	March 2018	0	0	8,878	1,282	2.3
	O-08	Chuo Bakuromachi Building	Daiwa Real Estate Appraisal Co., Ltd.	March 2018	0	0	13,470	1,348	5.5
	O-09	L.Biz Jimbocho Building	Tokio Marine & Nichido Risk Consulting Co., Ltd.	February 2018	0	0	1,998	239	7.2
	O-10	Shinsaibashi Building	Daiwa Real Estate Appraisal Co., Ltd.	March 2018	0	0	6,969	664	9.1
	O-11	L.Biz Sendai	Tokio Marine & Nichido Risk Consulting Co., Ltd.	February 2018	0	0	11,246	1,376	2.3
	O-12	Sendai Nikko Building	Tokio Marine & Nichido Risk Consulting Co., Ltd.	February 2018	0	0	13,645	1,065	2.0
	O-13	Morioka Ekimae-dori Building	Daiwa Real Estate Appraisal Co., Ltd.	February 2018	0	0	12,052	1,878	7.0
	O-14	Nagano Central Building	Daiwa Real Estate Appraisal Co., Ltd.	February 2018	0	0	11,910	1,330	6.7
	O-15	EME Koriyama Building	Daiwa Real Estate Appraisal Co., Ltd.	February 2018	0	0	11,476	1,142	2.3
	O-16	Utsunomiya Central Building	Daiwa Real Estate Appraisal Co., Ltd.	February 2018	0	0	15,560	1,163	2.3
	O-17	Yamagata Ekimae-dori Building	Daiwa Real Estate Appraisal Co., Ltd.	February 2018	0	0	9,939	1,074	4.8
Residence	R-01	Amare Tokaidori	Tokio Marine & Nichido Risk Consulting Co., Ltd.	February 2018	0	0	4,321	714	6.7
	R-02	Dormy Ukimafunado	Tokio Marine & Nichido Risk Consulting Co., Ltd.	February 2018	0	0	8,498	545	6.9
	R-03	Benefis Hakata-Minami Grand Sweet	Tokio Marine & Nichido Risk Consulting Co., Ltd.	February 2018	0	0	4,107	681	2.5
	R-04	LUXENA HIGASHI-KOENJI	Tokio Marine & Nichido Risk Consulting Co., Ltd.	February 2018	0	0	2,229	355	4.6
	R-05	Alpha Space Toritsudai	Tokio Marine & Nichido Risk Consulting Co., Ltd.	February 2018	0	0	3,246	263	4.5
	R-06	J City Hatchobori	Tokio Marine & Nichido Risk Consulting Co., Ltd.	February 2018	0	0	3,942	686	3.0
Hotel	H-01	Dormy Inn Matsuyama	Tokio Marine & Nichido Risk Consulting Co., Ltd.	February 2018	0	0	656	1,314	2.8
	H-02	Hotel Sunshine Utsunomiya	Daiwa Real Estate Appraisal Co., Ltd.	March 2018	0	0	11,637	1,480	1.4
	H-03	Dormy Inn Morioka	Tokio Marine & Nichido Risk Consulting Co., Ltd.	May 2019	0	0	665	1,453	5.5
Retail and other assets	C-01	Prio Daimyo II	Daiwa Real Estate Appraisal Co., Ltd.	March 2018	0	0	1,458	166	4.4
	C-02	Co-op Sapporo Syunko	Tokio Marine & Nichido Risk Consulting Co., Ltd.	February 2018	0	0	6,186	882	0.9
	C-03	TA Shinan Kugenmakaigan	Daiwa Real Estate Appraisal Co., Ltd.	March 2019	0	0	3,255	123	14.5

(Note1) "Emergency repair expenses" and "Short-term repair expenses" are the total of the expenses required in the building status evaluation report as the urgently required expenses and the repair renewal expenses required within approximately one year.

(Note2) "Long-term repair costs" is based on the building status evaluation report, and indicates repair costs per year (excluding emergency repair costs and short-term repair costs) projected for the next 12 years.

(Note3) "Repurchase price" is based on the building status evaluation report, and the construction re-purchase price when newly constructed according to the same design and specifications at the time of the report preparation is rounded down to the nearest million yen.

(Note4) PML of portfolio is 1.0%.

(3) Capital expenditure of investment assets

① Scheduled capital expenditure

As for the assets held by the Investment Corporation as of February 29, 2020, the major planned amount of capital expenditure accompanying the renovation work etc. for the August 31, 2019 plan currently planned is as follows. In addition, the following planned amount of construction may occasionally be booked as repair expenses.

Property	Location (city or ward, prefecture)	Purpose	Schedule	Planned amount(thousand yen)		
				Total	Current payment amount	Total spending
Co-op Sapporo Syunko	Asahikawa, Hokkaido	Air conditioning renewal	From October 2019 To October 2019	10,360	-	-

② Capital expenditure during the period

The major constructions etc. corresponding to the capital expenditure in the fiscal period ended August 31, 2019 are as follows. The construction corresponding to the capital expenditure of the assets held as a whole in the 3rd fiscal period is 194,011 thousand yen, and together with the repair expenses of 135,710 thousand yen, a total of 329,722 thousand yen is being implemented.

Property	Location (city or ward, prefecture)	Purpose	Schedule	Amount (thousand yen)
Nagano Central Building	Nagano, Nagano	LED installment	From August 3, 2019 To August 7, 2019	12,200
		Air conditioning renewal	From August 7, 2019 To August 26, 2019	16,257
Yamagata Ekimae-dori Building	Yamagata, Yamagata	LED installment	From August 16, 2019 To August 19, 2019	9,590
Total				38,047

③ Reserve for long-term repair plan

Not applicable.