



**Takara Leben Real Estate
Investment Corporation**

Security Code:3492

August 2018 Fiscal Period Presentation Material

2018, October



**Takara Leben Real Estate
Investment Corporation**

I . IPO Highlights

- IPO Highlight
- Features of Takara Leben REIT
- Portfolio selection

II . August 2018 Fiscal Period Financial Results

- August 2018 period: Results
- Diversification of Portfolio
- Portfolio Data
- Appraisal Value
- Finance

III . February 2019, August 2019 Period Forecasts

- 2nd period (February 2019), 3rd period (August 2019) Forecasts

IV . Growth Strategy

- External Growth Strategy
- Internal Growth Strategy
- Finance Policies
- Other Initiatives

V . Appendix

- August 2018 Period (1st fiscal period) Balance Sheet
- August 2018 Period (1st fiscal period) Statement of Income/ Statement of Cashflow
- Portfolio
- Unitholder Composition
- Overview of the Investment Corporation
- Overview of the Asset manager



I . IPO Highlight

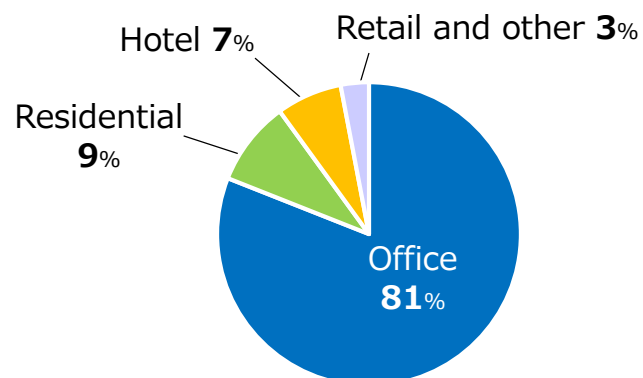
Overview

Offering	Global offering (Regulation S)
Listing date	July 27 th , 2018
Offer price	JPY 96,000／Unit
Units offered	344,000 units
Offering size	JPY 31,841 million

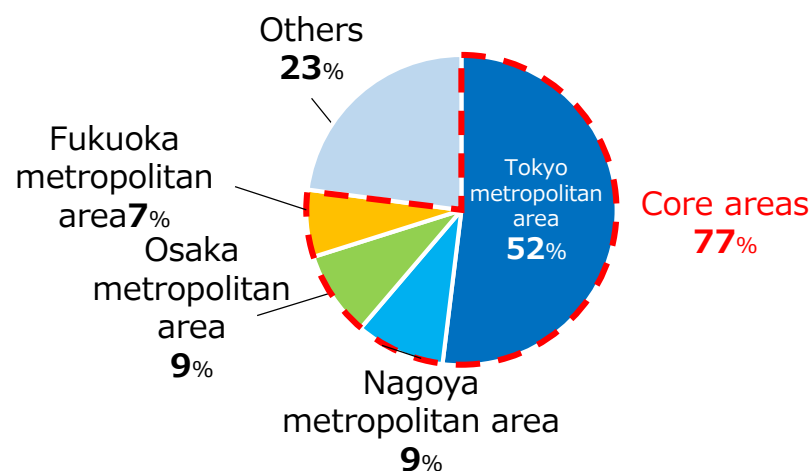
Initial Portfolio

Properties	Total acquisition value	Total appraisal value	NOI yield (appraisal value)	Occupancy at IPO
27	JPY 64,370 million	JPY 67,611million	5.2%	96.8%

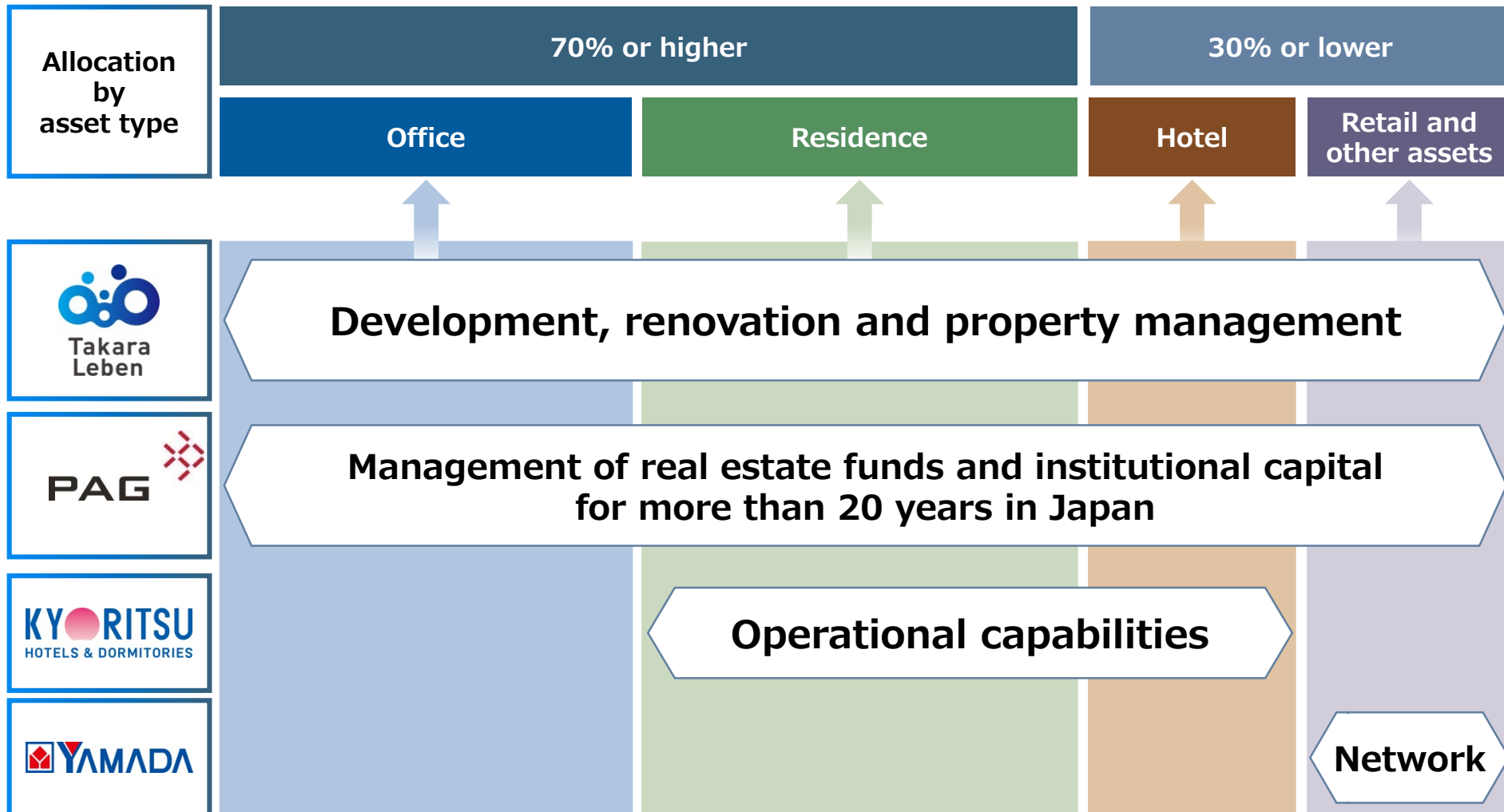
<By asset class>



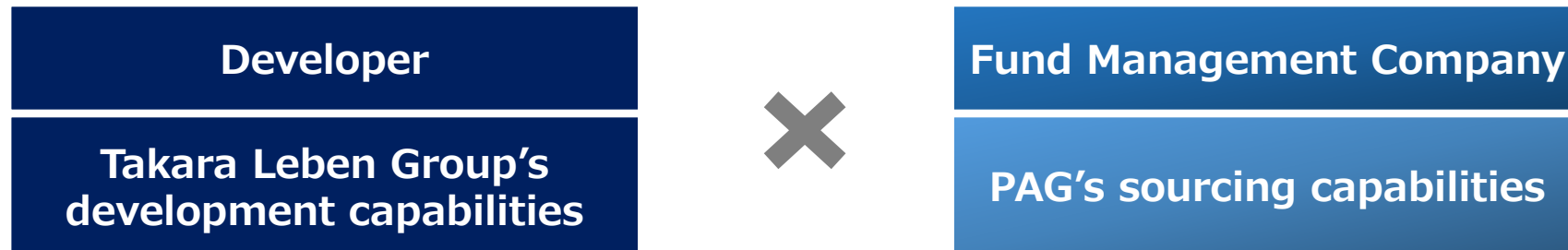
<By area>



Build a diversified portfolio by utilizing each sponsor's expertise and strength



① Strong external growth



② A diversified portfolio



③ Institutional quality asset management and internal growth



(Note) "Other assets" hereinafter means industrial properties (including logistic properties, data centers, factory, and research and development assets) and parking lots.

Investment policy

Allocation by area

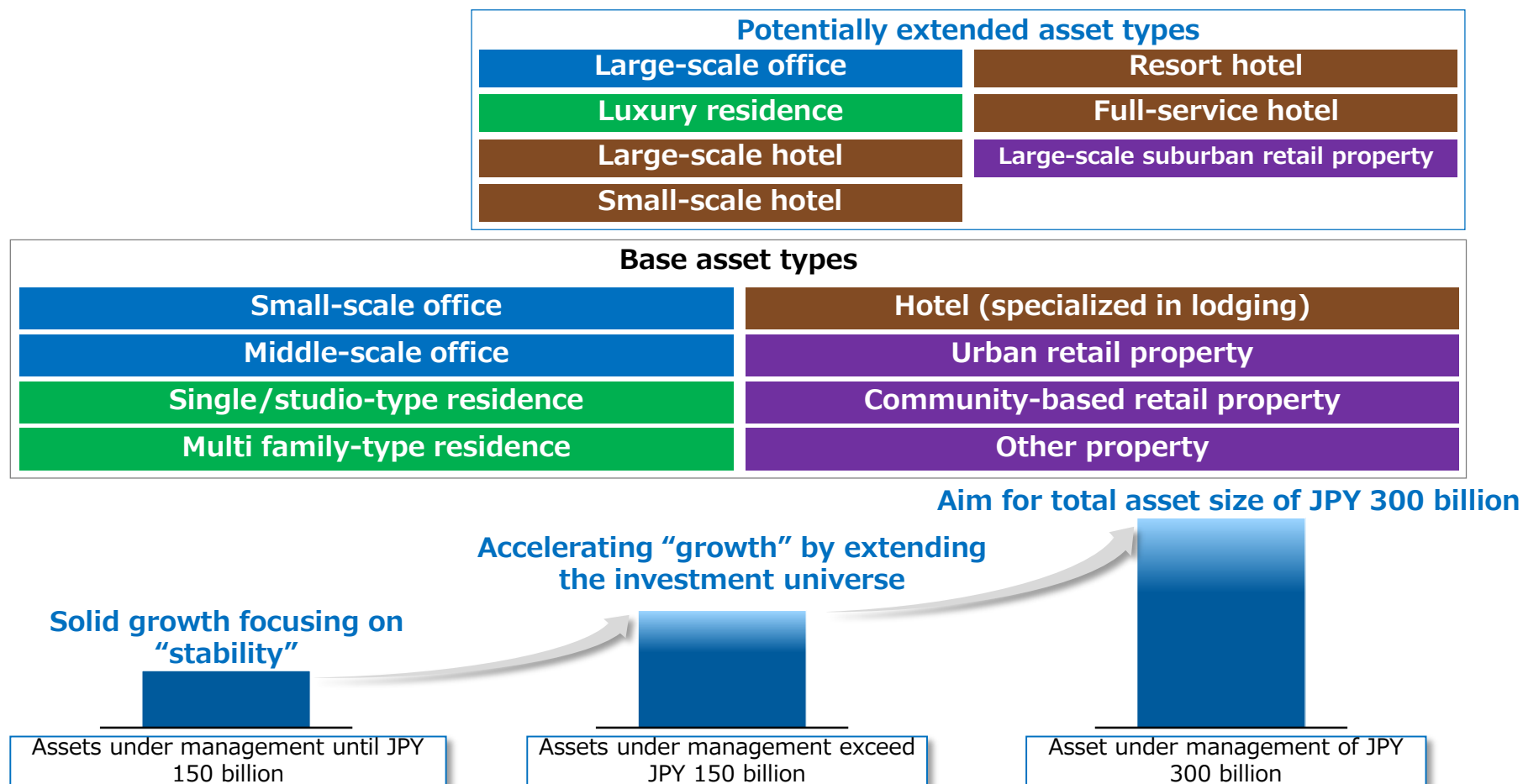
Allocation by area	70% or higher	30% or lower
	Core areas	Sub areas

Allocation by asset type

Allocation by asset type	70% or higher	30% or lower
	Office	Residential
	Hotel	Retail and other

Growth strategy depending on total asset size

The Investment Corporation considers adjusting its growth strategy throughout its different growth stages



(Note) The above asset size is the Investment Corporation's target and policy as of the date of this material, which may be reviewed from time to time for various reasons. For example, we may revise our growth strategy before achieving these targets or may keep our strategy the same even after achieving these targets, as long as market conditions or other factors warrant such change in strategy.

Office

Small- and medium-scale office buildings

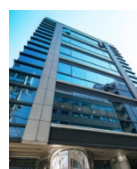
- **Small-scale office building (total floor area of less than 2,000m²) and medium-scale office building (total floor area of 2,000m² or more and less than 20,000m²)**
- Limited to the office buildings located within approx. 10-minute walk from the nearest station



NT Building



L.Biz Jimbocho



Shinsaibashi Building



Morioka Ekimae-dori Building



EME Koriyama Building

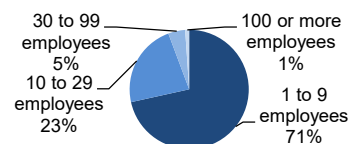


Higashi-Ikebukuro Central Place

Stable tenant demand

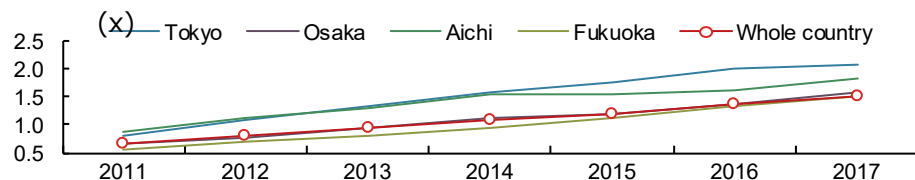
<Ratio of business offices by the class of number of employees (nationwide)>

Small- and medium-scale offices with one to 29 employees account for 94.0% of business offices nationwide



(Source) Prepared by Asset Manager based on the Ministry of Economy, Trade and Industry "Preliminary Report of 2016 Economic Census for Business Activity"

Jobs Openings to applicants ratio



(Source) Prepared by Asset Manager based on the Ministry of Health, Labour and Welfare "Labour Market Indicators (actual results) and seasonally adjusted figures by Prefecture and Region" in "Employment Referrals for General Workers"

Residential

Single / Compact/ Family type

- **[Single]**
For single-person households; 20m² or more and less than 40m²
- **[Compact]**
For two-or-more-person households; 40m² or more
- **[Family]**
For three-or-more-person households; 50m² or more
- In principle, limited to the residences within approx. 10-minute walk from the nearest station or the nearest major bus stop
- Luxury type residences are excluded from the target



Alpha Space Toritsudai

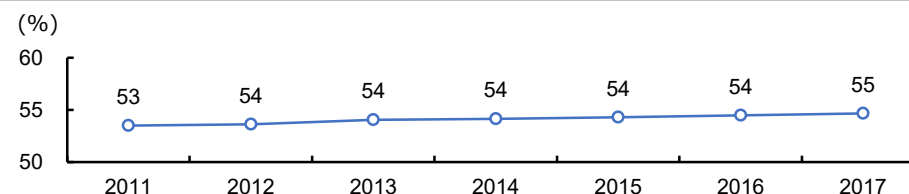


LUXENA HIGASHI-KOENJI



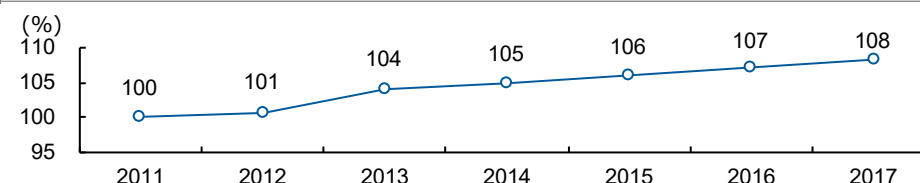
Amare Tokaidori

Ratio of Population in the Four Major Metropolitan Areas



(Source) Prepared by Asset Manager based on the Ministry of Internal Affairs and Communications "Survey on Population, Demographics and Number of Household based on the Basic Resident Register"

Household growth ratio in the Four Major Metropolitan Areas (2011 = 100%)



(Source) Prepared by Asset Manager based on the Ministry of Internal Affairs and Communications "Survey on Population, Demographics and Number of Household based on the Basic Resident Register"

Hotel

Hotels (Specialized in lodging)

- Hotels focusing on lodging with limited or minimum incidental facilities such as restaurants and banquet halls
- Limited to hotels located in areas easily accessible to major infrastructure such as terminal stations, airports adjacent to very busy area, major railways such as Shinkansen, and expressways
- In principle, Limited to medium-scale hotels with 30 or more and less than 300 guest rooms

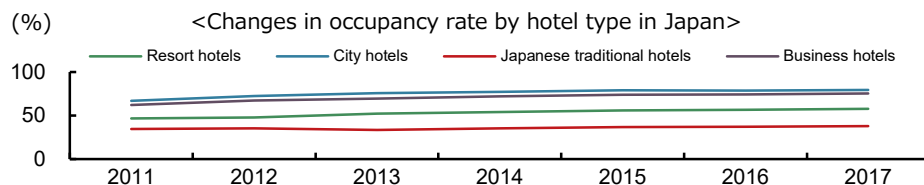


Dormy Inn Matsuyama



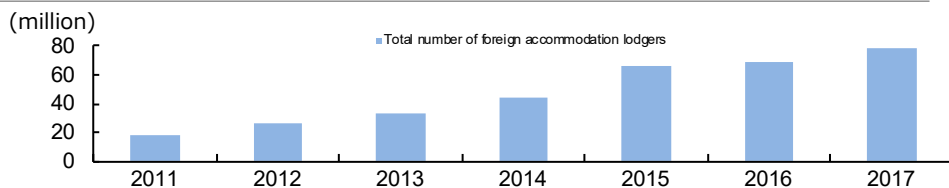
Hotel Sunshine Utsunomiya

Trends in Occupancy Rate by Hotel Type in Japan



(Source) Prepared by Asset Manager based on the Japan Tourism Agency "Survey on Overnight Travel"

Trends in the total number of foreign overnight guests in Japan



(Source) Prepared by Asset Manager based on the Japan Tourism Agency "Survey on Overnight Travel"

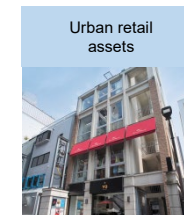
Retail

Community-based / Urban retail assets

- Limited to the assets easily accessible by ordinary means of transportation (train, bus, car, etc.)
- [Community-based retail assets]**
Retail assets whose trading area is approx. 1 to 10 km radius and that mainly house tenants used by consumers on a daily basis
- [Urban retail assets]**
Retail assets located in areas adjacent to major stations or very busy areas that have good visibility or attract customers

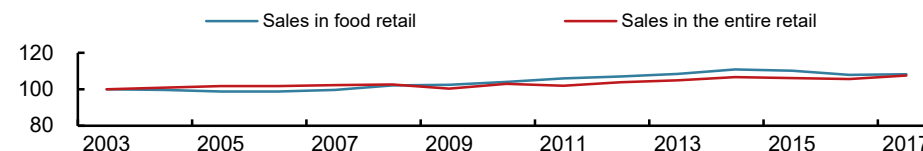


Coo-op Sapporo Shunko



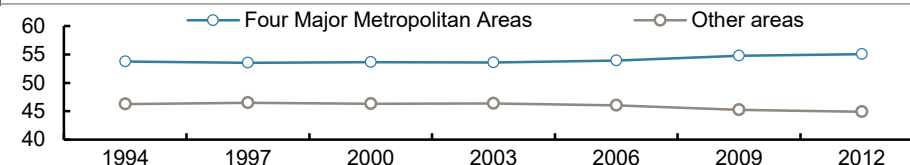
Prio Daimyo II

Highly stable demands in daily use goods (2003 = 100%)



(Source) Prepared by Asset Manager based on the Ministry of Economy, Trade and Industry "Report on the Current Survey of Commerce"

Ratio of retail sales in Japan' four major metropolitan areas



(Source) Prepared by Asset Manager based on the Ministry of Economy, Trade and Industry "2016 Economic Census for Business Activity"



II . August 2018 Fiscal Period Financial Results

	August 2018 period		
	Forecast	Actual	Difference
Operating period	33 days	33 days	—
Operating revenue (JPY million)	374	377	+3
Operating income (JPY million)	187	200	+12
Ordinary income (JPY million)	9	35	+25
Net income (JPY million)	9	33	+24
Distribution per unit (excluding distributions in excess of earnings, JPY)	26	57	+31
Distribution in excess of earnings per unit (JPY)	-	41	+41
Dividend per unit (JPY)	26	98	+72

Factors for difference

【Operating revenue】

- Increase in revenue from restoring (JPY 4million)

【Operating income】

- Decrease in repair and maintenance expense (JPY 4million)
- Decrease in depreciation (JPY 13million)
- Increase in property management expenses (JPY 5million)

【Ordinary income】

- Decrease in foundation expenses (JPY 16million)

【Distributions in excess of earnings】

- Distributions in excess of earnings consist only of allowance for temporary difference adjustment, such as valuation losses on interest rate swaps, and excess of depreciation allowance, not the refund of investment for tax purposes

By Asset

Type	Acquisition price (JPY million)	Number of property
specialized in lodging	4,427	2

Type	Acquisition price (JPY million)	Number of property
Single	4,412	4
Studio	1,060	1
Multi family	589	1

Hotel 7%

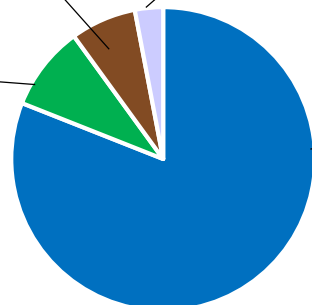
Residential 9%

Retail and other 3%

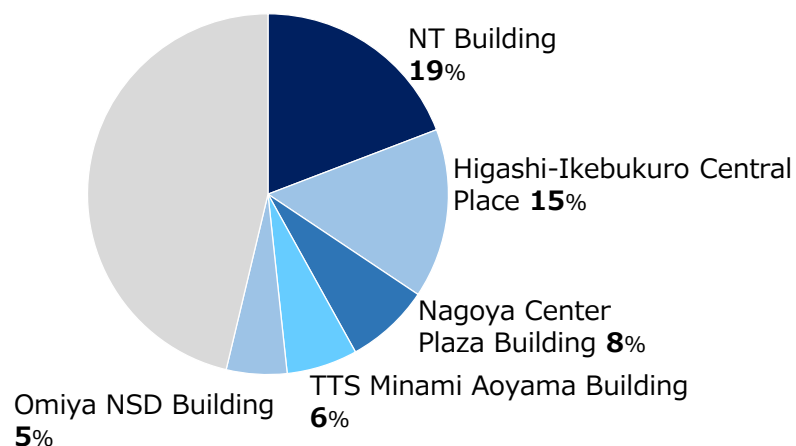
Type	Acquisition price (JPY million)	Number of Property
Community – based	1,036	1
Urban	980	1

Office 81%

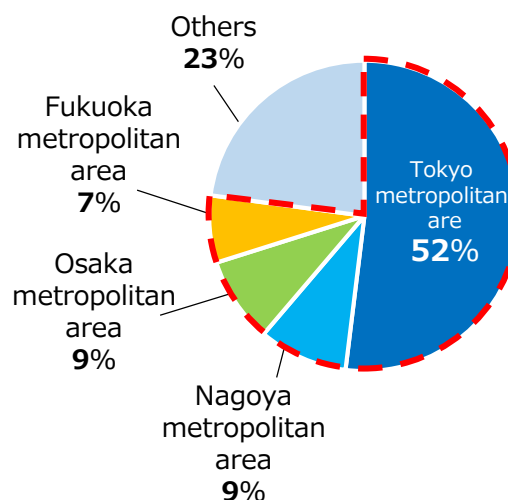
Type	Acquisition price (JPY million)	Number of property
Mid-scale	50,860	16
Small-scale	1,006	1



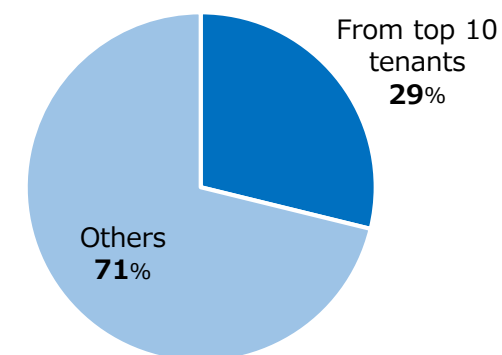
Concentration (Top 5 properties)



Area concentration



Revenue concentration





Portfolio data (1)

Unit: JPY million

Type	ID	Property name	Location	Area	Acquisition price	Appraisal value	Appraisal NOI
Office	O-01	NT Building	Shinagawa-ku, Toyo	Tokyo	12,350	13,000	568
	O-02	Higashi-Ikebukuro Central Place	Toshima-ku, Tokyo	Tokyo	9,780	10,000	415
	O-03	Nagoya Center Plaza Building	Nagoya, Aichi	Nagoya	4,870	4,880	278
	O-04	TTS Minami Aoyama Building	Minato-ku, Tokyo	Tokyo	4,090	4,290	163
	O-05	Omiya NSD Building	Saitama, Saitama	Tokyo	3,493	3,610	183
	O-06	SAMTY Shin-Osaka Center Building	Osaka, Osaka	Osaka	3,450	3,620	179
	O-07	Hakata Gion Building	Fukuoka, Fukuoka	Fukuoka	2,500	2,600	119
	O-08	Chuo Bakuromachi Building	Osaka, Osaka	Osaka	1,485	1,900	91
	O-09	L.Biz Jimbocho	Chiyda-ku, Tokyo	Tokyo	1,006	1,140	46
	O-10	Shinsaibashi Building	Osaka, Osaka	Osaka	772	805	41
	O-11	L.Biz Sendai (former MB Odakyu Building)	Sendai, Miyagi	Ordinance-designated city	1,680	1,740	92
	O-12	Sendai Nikko Building	Sendai, Miyagi	Ordinance-designated city	1,740	1,790	89
	O-13	Morioka Ekimae-dori Building	Morioka, Iwate	Core city	1,480	1,680	104
	O-14	Nagano Central Building	Nagano, Nagano	Core city	898	1,120	73
	O-15	EME Koriyama Building	Koriyama, Fukushima	Core city	900	1,030	65
	O-16	Utsunomiya Central Building	Utsunomiya, Tochigi	Core city	771	987	67
	O-17	Yamagata Ekimae-dori Building	Yamagata, Yamagata	Special city at the time of the effective date	600	814	53
Office Total					51,866	55,006	2,633
Residential	R-01	Amare Tokaidori	Nagoya, Aichi	Aichi	1,100	1,220	60
	R-02	Dormy Ukimafunado	Itabashi-ku, Tokyo	Tokyo	1,080	1,110	57
	R-03	Benefis Hakata-Minami Grand Suite	Fukuoka, Hakata	Fukuoka	1,032	1,080	54
	R-04	LUXENA HIGASHI-KOENJI	Suginami-ku, Tokyo	Tokyo	1,060	1,070	46
	R-05	Alpha Space Toritsudai	Meguro-ku, Tokyo	Tokyo	589	605	27
	R-06	J City Hatchobori	Hiroshima, Hiroshima	Ordinance-designated city	1,200	1,340	68
Residential Total					6,061	6,425	316
Hotel	H-01	Dormy Inn Matsuyama	Matsuyama, Ehime	Core city	2,427	2,500	131
	H-02	Hotel Sunshine Utsunomiya	Utsunomiya, Tochigi	Core city	2,000	2,100	113
Hotel Total					4,427	4,600	245
Retail and other	C-01	Prio Daimyo II	Fukuoka, Fukuoka	Fukuoka	980	1,090	46
	C-02	Co-op Sapporo Shunko	Asahikawa, Hokkaido	Core city	1,036	1,100	71
Retail and other Total					2,016	2,190	118
Portfolio Total					64,370	68,221	3,313



Portfolio data (2) : Efforts After IPO

Type	Property name	Current status and example of efforts	Occupancy rate (%)
Office	Properties in general	<ul style="list-style-type: none"> Launched measures to reduce rent gaps centering on properties located in core areas. 	-
	NT Building	<ul style="list-style-type: none"> Small tenant moved out (2.71% in terms of exclusive area); currently seeking both floor expansion within the building and new leasing Preparing for cost reduction by switching to a new power supplier. Looking into measures for cost reduction by installing LED lighting in common areas. 	100.0
	Higashi-Ikebukuro Central Place	<ul style="list-style-type: none"> Shifted to a fixed-rent, master lease agreement from September 2018. Preparing for cost reduction by switching to a new power supplier. 	82.8
	Nagoya Center Plaza Building	<ul style="list-style-type: none"> New tenants has been unofficially decided to fill the vacancy and the occupancy rate is expected to be 100% in the 3rd fiscal period onward. Discussing measures to improve earnings by reviewing operation of the parking lot. Preparing for cost reduction by switching to a new power supplier. 	98.7
	TTS Minami Aoyama Building	<ul style="list-style-type: none"> Leasing activities underway for one section. 	100.0
	Omiya NSD Building	<ul style="list-style-type: none"> Fully occupied. Discussing measures to improve earnings by reviewing operation of the parking lot. 	100.0
	SAMTY Shin-Osaka Center Building	<ul style="list-style-type: none"> Fully occupied. Looking into measures for cost reduction by switching to a new gas supplier. 	100.0
	Hakata Gion Building	<ul style="list-style-type: none"> Fully occupied. Preparing for cost reduction by switching to a new power supplier. 	100.0
	Chuo Bakuromachi Building	<ul style="list-style-type: none"> One vacant section; new leasing activities underway. Preparing for cost reduction by switching to a new power supplier. 	98.0
	L.Biz Jimbocho	<ul style="list-style-type: none"> Stably operated with the entire property leased to a single tenant 	100.0
	Shinsaibashi Building	<ul style="list-style-type: none"> Fully occupied. (However, have received notification of cancellation and thus currently preparing for leasing activities.) 	100.0
	L.Biz Sendai (former MB Odakyu Building)	<ul style="list-style-type: none"> Property name changed; underused rental meeting rooms converted to regular rental rooms that are now being leased. Preparing for cost reduction by switching to a new power supplier. Looking into measures to improve earnings by installing rooftop antennas. 	90.8
	Sendai Nikko Building	<ul style="list-style-type: none"> Fully occupied. Preparing for cost reduction by switching to a new power supplier. Preparing for earnings improvement by reviewing operation of the parking lot. 	100.0
	Morioka Ekimae-dori Building	<ul style="list-style-type: none"> Leasing activities underway. Preparing for cost reduction by switching to a new power supplier. 	94.1
	Nagano Central Building	<ul style="list-style-type: none"> Leasing activities underway; one application for move-in received (as of October 15, 2018). 	94.9
	EME Koriyama Building	<ul style="list-style-type: none"> Leasing activities underway. Preparing for cost reduction by switching to a new power supplier. 	91.0
	Utsunomiya Central Building	<ul style="list-style-type: none"> Leasing activities underway. 	92.2
	Yamagata Ekimae-dori Building	<ul style="list-style-type: none"> Leasing activities underway. Preparing for cost reduction by switching to a new power supplier. 	93.3



Portfolio data (2) : Efforts After IPO

Type	Property name	Current status and example of efforts	Occupancy rate (%)
Residential	Amare Tokaidori	<ul style="list-style-type: none"> A large-scale retail facility opened nearby in September 2018. Looking into measures for cost reduction by switching to a new power supplier and installing LED lighting in common areas. 	93.6
	Dormy Ukimafunado	<ul style="list-style-type: none"> Stably operated. 	100.0
	Benefis Hakata-Minami Grand Suite	<ul style="list-style-type: none"> Stably operated; leasing activities underway for vacant rooms. Looking into measures for cost reduction by installing LED lighting in common areas. 	92.9
	LUXENA HIGASHI-KOENJI	<ul style="list-style-type: none"> Leasing activities underway; applications for 3 rooms out of 5 vacant rooms received (as of October 15, 2018). 	86.3
	Alpha Space Toritsudai	<ul style="list-style-type: none"> Fully occupied (as of September 30, 2018). Looking into measures for cost reduction by installing LED lighting in common areas. 	92.7
	J City Hatchobori	<ul style="list-style-type: none"> Stably operated; leasing activities underway for vacant rooms. Looking into measures for cost reduction by installing LED lighting in common areas. 	93.8
Hotel	Dormy Inn Matsuyama	<ul style="list-style-type: none"> Fixed-rent type; stably operated. 	100.0
	Hotel Sunshine Utsunomiya	<ul style="list-style-type: none"> Fixed-rent type; stably operated. 	100.0
Retail and other	Prio Daimyo II	<ul style="list-style-type: none"> Fully occupied. 	100.0
	Co-op Sapporo Shunko	<ul style="list-style-type: none"> Stably operated with the entire property leased to a single tenant; not impacted by the 2018 Hokkaido Eastern Iburi Earthquake. 	100.0

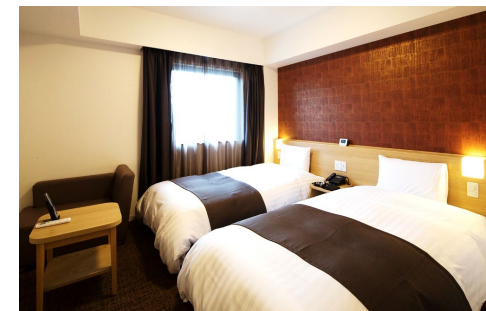
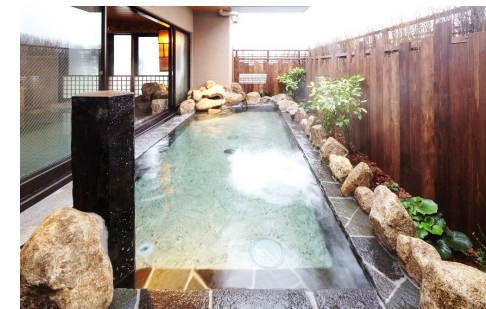
H-01 Dormy Inn Matsuyama

- Specialized in lodging hotel, developed by Takara Leben
- Kyoritsu Maintenance, one of the sponsors of REIT, is an operator
- Hot spring bathing facilities in the top-floor

Guest rooms(total)	174
double	129
queen	20
twin	24
universal	1

<Operation>

	July 2018	August 2018
Occupancy	93.1%	98.0%
ADR	10,302	11,593
Rev Par	9,589	11,365



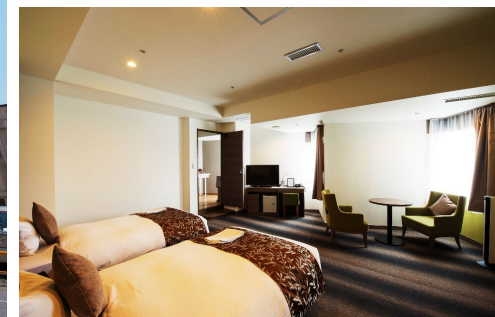
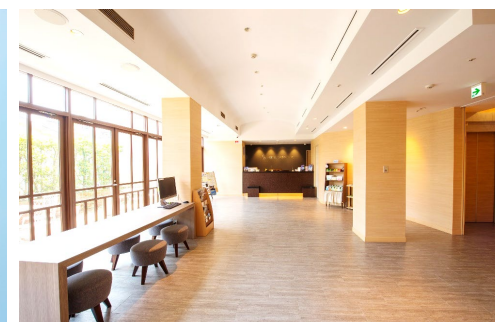
H-02 Hotel Sunshine Utsunomiya

- Specialized in lodging
- Guest rooms(total) 160

single	100
double	53
twin	7

<Operation>

	July 2018	August 2018
Occupancy	64.9%	59.9%
ADR	6,637	7,059
Rev Par	4,306	4,225





Appraisal Value : Increase by 0.9% to JPY 68.2 billion

Unit: JPY million

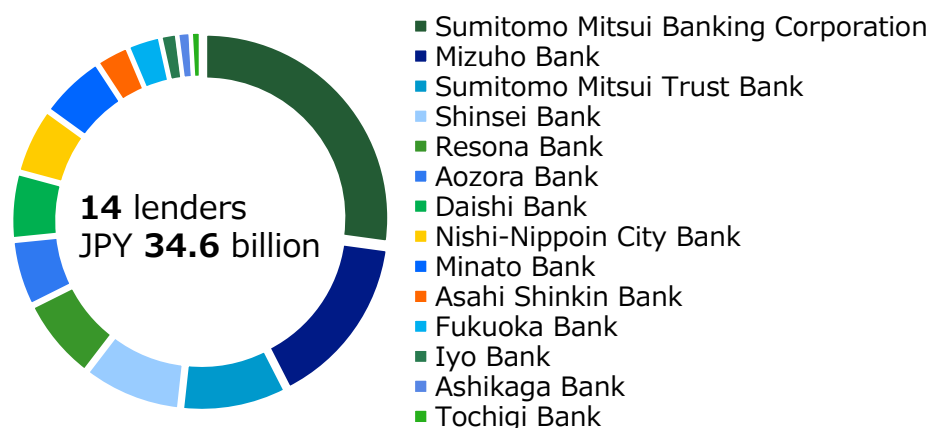
Type	Property Name	Acquisition price (A)	Appraisal value at IPO (B)	Appraisal value at period end (C)	Difference of appraisal value (C)-(B)	(%)	Difference of Appraisal NOI	Net change of cap rate
Office	NT Building	12,350	12,700	13,000	300	2.4%	2	-0.1%
	Higashi-Ikebukuro Central Place	9,780	10,000	10,000	0	0%	-17	-0.2%
	Nagoya Center Plaza Building	4,870	4,880	4,880	0	0%	0	0.0%
	TTS Minami Aoyama Building	4,090	4,220	4,290	70	1.7%	0	-0.1%
	Omiya NSD Building	3,493	3,600	3,610	10	0.3%	0	0.0%
	SAMTY Shin-Osaka Center Building	3,450	3,600	3,620	20	0.6%	0	0.0%
	Hakata Gion Building	2,500	2,600	2,600	0	0%	0	0.0%
	Chuo Bakuromachi Building	1,485	1,890	1,900	10	0.5%	0	0.0%
	L.Biz Jimbocho	1,006	1,070	1,140	70	6.5%	1	-0.1%
	Shinsaibashi Building	772	801	805	4	0.5%	0	0.0%
	L.Biz Sendai (former MB Odakyu Building)	1,680	1,740	1,740	0	0%	0	0.0%
	Sendai Nikko Building	1,740	1,790	1,790	0	0%	0	0.0%
	Morioka Ekimae-dori Building	1,480	1,670	1,680	10	0.6%	0	0.0%
	Nagano Central Building	898	1,120	1,120	0	0%	0	0.0%
	EME Koriyama Building	900	1,030	1,030	0	0%	0	0.0%
	Utsunomiya Central Building	771	981	987	6	0.6%	0	0.0%
	Yamagata Ekimae-dori Building	600	814	814	0	0%	0	0.0%
Office Total		51,866	54,506	55,006	500	0.9%	-11	-
Residential	Amare Tokaidori	1,100	1,200	1,220	20	1.7%	-1	-0.1%
	Dormy Ukimafunado	1,080	1,100	1,110	10	0.9%	0	0.0%
	Benefis Hakata-Minami Grand Suite	1,032	1,070	1,080	10	0.9%	0	0.0%
	LUXENA HIGASHI-KOENJI	1,060	1,070	1,070	0	0%	0	-0.1%
	Alpha Space Toritsudai	589	605	605	0	0%	0	0.0%
	J City Hatchobori	1,200	1,310	1,340	30	2.3%	0	-0.1%
Residential Total		6,061	6,355	6,425	70	1.1%	-0	-
Hotel	Dormy Inn Matsuyama	2,427	2,490	2,500	10	0.4%	0	0.0%
	Hotel Sunshine Utsunomiya	2,000	2,090	2,100	10	0.5%	0	0.0%
Hotel Total		4,427	4,580	4,600	20	0.4%	1	-
Retail and other	Prio Daimyo II	980	1,090	1,090	0	0%	0	0.0%
	Co-op Sapporo Shunko	1,036	1,080	1,100	20	1.9%	1	0.0%
Retail and other Total		2,016	2,170	2,190	20	0.9%	1	-
Portfolio Total		64,370	67,611	68,221	610	0.9%	-9	-

Interest-bearing debt

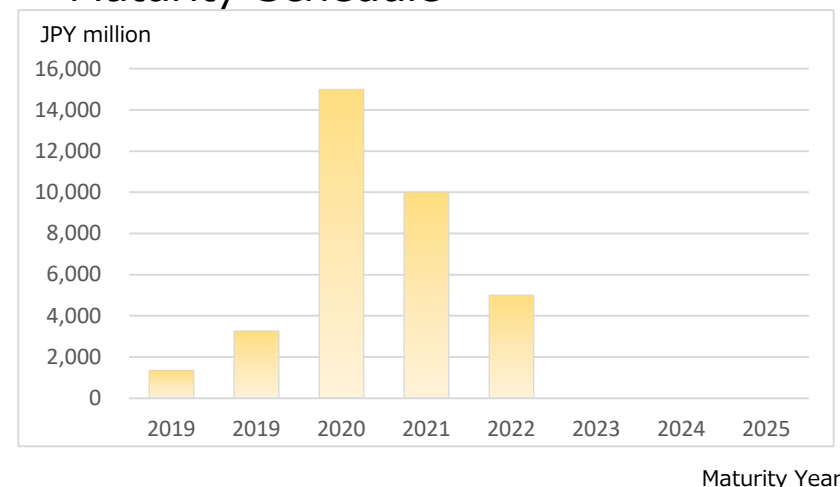
Short/long term	Amount (JPY million)	Interest rate	Floating/Fixed	Starting date	Term	Payment	Collateral
Short-term	1,340	1M TIBOR+0.20%	Floating	July 30, 2018	1 Year	Lump sum	Unsecured/Non-guaranteed
Short-term	3,260	1M TIBOR+0.20%	Floating	July 30, 2018	1 Year		
Long-term	15,000	0.434%	Fixed	July 30, 2018	2 Year		
Long-term	10,000	0.548%	Fixed	July 30, 2018	3 Year		
Long-term	5,000	0.6925%	Fixed	July 30, 2018	4 Year		
Total	34,600	—	—	—	—	—	—

(Note) Interest rate of long-term borrowing is fixed with interest rate swap agreement in order to hedge the risk of interest rate hike.

Bank Formation



Maturity Schedule



Data

LTV	49.7%
Average interest rate	0.48%
Fixed interest ratio	86.7%
Average remaining debt duration	2.45years

LTV(%)= Outstanding balance of interest-bearing debt as of period end/Total asset as of period end×100(%)
Average interest rate is calculated based on borrowing amount weighted average and 1 M TIBOR of 0.06455%(as of October 15, 2018)



III. February 2019, August 2019 Period Forecasts



2nd period (February 2019), 3rd period (August 2019) Forecasts

Unit: JPY million	2 nd period	3 rd period	Difference
Number of days of operation	181 days	184 days	-
Operating revenue (JPY million)	2,119	2,098	▲20
Operating income (JPY million)	1,279	1,175	▲104
Ordinary income (JPY million)	1,140	1,037	▲103
Net income (JPY million)	1,140	1,036	▲103
Distribution per unit (excluding distribution in excess of earnings) (JPY)	3,295	2,995	▲300
Distribution in excess of earnings per unit (JPY)	5	5	-
Distribution per unit (JPY)	3,300	3,000	▲300

DPU in excess of earnings consist only of allowance for temporary difference adjustment.

■ Difference of major expense items in 2nd and 3rd period

(Unit: JPY million)

Items		2 nd period	3 rd period	Difference	Note
Operating expenses	Property-related expenses total	401	522	▲120	
	(Subcontract expenses)	119	119	0	
	(PM fee)	36	36	0	
	(Repair & maintenance)	54	28	+26	
	(Taxes & dues)	-	164	▲164	Property taxes incurred in 3 rd period are booked as expenses
	Depreciation	236	239	▲3	
	Non-property-related expenses total	200	160	+39	Filing related costs to foreign authorities
	(Asset management fee)	106	102	+5	
Non-operating expenses	Finance costs	126	125	+1	
	Issuance costs	12	12	0	

(Note)+ represents increase profit,▲represents decrease profit.



(Unit: JPY million)

	2 nd period (February 2019)			3 rd period (August 2019)		
	Forecast (at IPO)	Revised forecast (Oct. 22 nd , 2018)	Diff.	Forecast (at IPO)	Revised forecast (Oct. 22 nd , 2018)	Diff.
Operating revenue	2,115	2,119	+3	2,099	2,098	▲0
Operating income	1,255	1,279	+24	1,141	1,175	+34
Ordinary income	1,115	1,140	+25	1,004	1,037	+32
Net income	1,114	1,140	+25	1,003	1,036	+32
Distribution per unit (excluding distribution in excess of earnings) (JPY)	3,226	3,295	+69	2,905	2,995	+90
Distribution in excess of earnings per unit (JPY)	—	5	+5	—	5	+5
Distribution per unit (JPY)	3,226	3,300	74	2,905	3,000	+95

※DPU in excess of earnings consist only of allowance for temporary difference adjustment.

Attributions for differences of forecasts in 2nd, 3rd period

【2nd period】

- Decrease in depreciation (JPY 38 million)
- Decrease in property-related expenses (brokerage fee, etc.) (JPY 15 million)

【3rd period】

- Decrease in depreciation (JPY 36million)



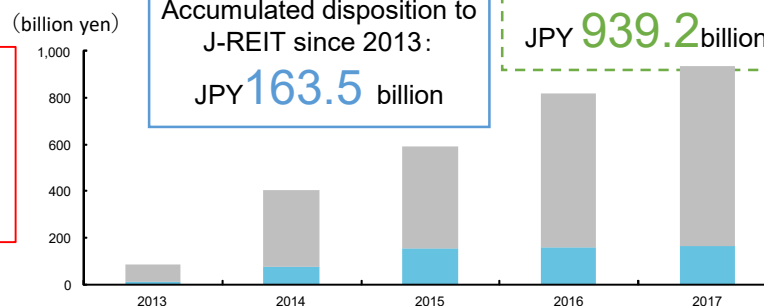
IV. Growth Strategy

Growth Strategy

■ Takara Leben development capability

■ PAG sourcing capability

■ Asset manager sourcing



Total disposition since 2013:
JPY 939.2 billion



<Track record of property sales to J-REIT (since 2013) source : PAG>

<Liquidating plan of property available for sale>

March 2019	March 2020	March 2021
JPY 30 billion	JPY 26 billion	JPY 24 billion

Source : Takara Leben Mid-term business plan (released on May 18th, 2018)



JPY300 billion

JPY 150 billion

27 properties
JPY64.3 billion

IPO
(July 30, 2018)

Mid-term goal

Long-term goal

Pipeline from Takara Leben with preferential negotiation rights

We have preferential negotiation rights with respect to the acquisition of the **13** properties developed by Takara Leben listed below.

Pipeline overview

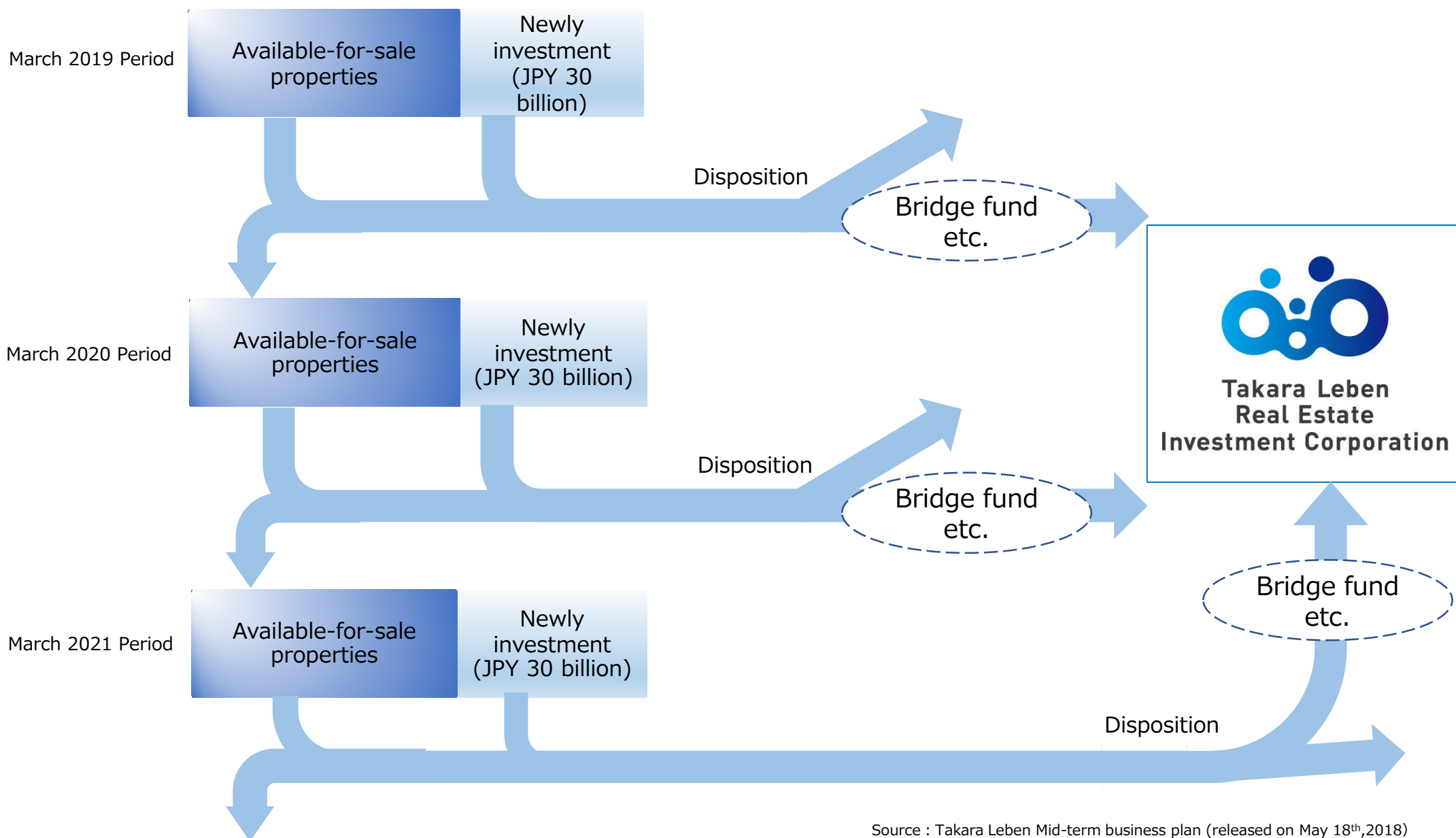
Type	Property name	Location	Area	Completion	No. of units/rooms	Leasable area
Office	L.Biz Suidobashi (Note)	Chiyoda-ku, Tokyo	Tokyo metropolitan area	January 2020	9 floors	1,678㎡
Residential	LUXENA Heiwadai (Note)	Nerima-ku, Tokyo	Tokyo metropolitan area	April 2019	111 units	5,369㎡
	LUXENA Nagareyama Otakanomori (Note)	Nagareyama, Chiba	Tokyo metropolitan area	August 2019	111 units	5,690㎡
	LUXENA Monzennakacho (Note)	Koto-ku, Tokyo	Tokyo metropolitan area	February 2020	86 units	2,380㎡
	LUXENA Higashi Kanagawa (Note)	Yokohama, Kanagawa	Tokyo metropolitan area	July 2020	90 units	2,448㎡
	LUXENA Itabashi (Note)	Itabashi-ku, Tokyo	Tokyo metropolitan area	September 2020	36 units	1,117㎡
	LUXENA Kadoma (Note)	Kadoma, Osaka	Osaka metropolitan area	-	154 units	4,110㎡
Hotel	Morioka Hotel project	Morioka, Iwate	Core city	March 2019	177 rooms	5,036㎡
	Mito Minamicho Hotel project	Mito, Ibaraki	Core city	October 2019	264 rooms	7,683㎡
	Kyoto Gojo Horikawa Hotel project	Kyoto, Kyoto	Osaka metropolitan area	January 2020	118 rooms	2,780㎡
	Nishi Umeda Hotel project	Osaka, Osaka	Osaka metropolitan area	-	70 rooms	1,336㎡
Retail and other	Onomichi project	Onomichi, Hiroshima	Core city	-	-	-
	Gokiso project	Nagoya, Aichi	Nagoya metropolitan area	June 2022	-	2,904㎡

(Note) Property name will be determined before completion date.

In addition to the pipeline above, Takara Leben has granted the asset manager preferential negotiation rights with respect to any property owned or developed by Takara Leben that meets the investment guideline.



Pipeline supply image





■ Improvement of occupancy rates

For Higashi-Ikebukuro Central Place of which the main tenant is to move out as needed, a fixed-rent master lease agreement was concluded with Takara Property Co., Ltd., effective September 2018 (reflected in the financial forecast) to deal with the situation.

■ Elimination of Rent Gap

1. The rent gap of office properties has remained at $\pm 0\%$ throughout the entire portfolio, and thus a sudden fall in rent is very unlikely.
2. For some properties, seek to expand earnings by eliminating existing rent gaps.

※ Core areas

"Core areas" refers to "Japan's four major metropolitan areas," which are Tokyo, Osaka, Nagoya and Fukuoka metropolitan areas. "Tokyo metropolitan area" refers to the prefectures of Tokyo, Kanagawa, Chiba and Saitama; "Osaka metropolitan area" to the prefectures of Osaka, Kyoto and Hyogo; "Nagoya metropolitan area" to the prefectures of Aichi, Gifu and Mie; and "Fukuoka metropolitan area" to Fukuoka prefecture.

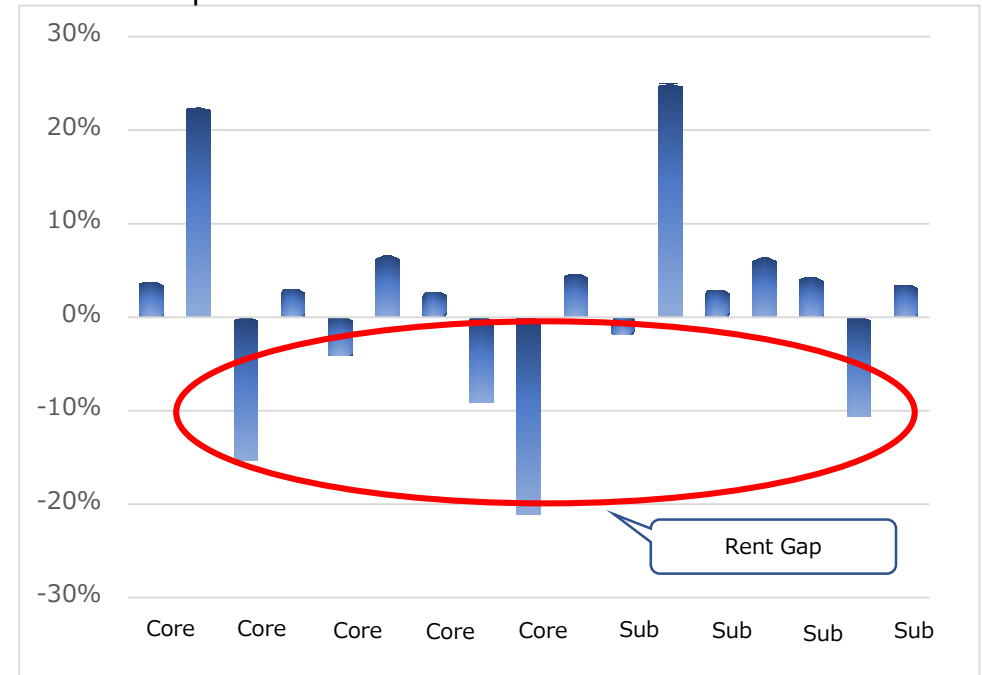
※ Sub areas

"Sub areas" refers to areas other than Japan's four major metropolitan areas, centered on "Japan's major regional cities." "Japan's major regional cities" are comprised of cities designated by government ordinance, core cities, specially-designated cities and prefectural capitals in areas other than Japan's four major metropolitan areas; "ordinance-designated cities" to the cities of Sapporo, Sendai, Niigata, Shizuoka, Hamamatsu, Okayama, Hiroshima and Kumamoto as of the date of this document; "core cities" to Japanese cities that have a statutory population of at least 200,000 persons and are designated as such by an ordinance under Article 252-22, Paragraph 1 of the Local Autonomy Act of Japan (Act No. 67 of 1947, including amendments thereto); and "specially-designated cities" to Japanese cities that had a population of at least 200,000 persons and were specially designated as such by an ordinance under Article 252-26-3, Paragraph 1 of the Local Autonomy Act of Japan before an amendment under the Act for Partial Amendment to the Local Autonomy Act (Act No. 42 of 2014), at the time of the abolishment of the system of specially-designated cities (effectuated on April 1, 2015) in accordance with the amendment Act.

■ Expansion of other earning opportunities

Increase earnings by reviewing sub-leasing operators of parking lots, installing rooftop antennas, etc.

< Rent Gap >





Internal Growth Strategy (2) : Cost reductions

The Asset Manager has been working on cost reduction activities as follows:

Energy cost/BM cost reduction

- In process to switch power producer and supplier
- Invested into mechanical security system

Electric cost reduction by utilizing LED

Others: Switched (to) suppliers (with) examining cost competitiveness

ID	Type	Property name	Energy/ BM cost reduction	Electric cost reduction	Others
O-01	Office	NT Building	◎	◎	◎
O-02	Office	Higashi-Ikebukuro Central Place	◎	◎	
O-03	Office	Nagoya Center Plaza Building	◎	◎	
O-04	Office	TTS Minami Aoyama Building		◎	
O-05	Office	Omiya NSD Building		☆	◎
O-06	Office	SAMTY Shin-Osaka Center Building	◎	◎	◎
O-07	Office	Hakata Gion Building	◎	☆	
O-08	Office	Chuo Bakuromachi Building	◎	◎	◎
O-09	Office	L.Biz Jimbocho		◎	
O-10	Office	Shinsaibashi Building		◎	◎
O-11	Office	L.Biz Sendai	◎	◎	
O-12	Office	Sendai Nikko Building	◎	◎	
O-13	Office	Morioka Ekimae-dori Building	◎	☆	◎
O-14	Office	Nagano Central Building		☆	
O-15	Office	EME Koriyama Building	◎	☆	◎
O-16	Office	Utsunomiya Central Building		☆	
O-17	Office	Yamagata Ekimae-dori Building	◎	☆	
R-01	Residence	Amare Tokaidori	◎	◎	
R-02	Residence	Dormy Ukimafunado		◎	
R-03	Residence	Benefis Hakata-Minami Grand Suite		◎	
R-04	Residence	LUXENA HIGASHI-KOENJI	◎	◎	
R-05	Residence	Alpha Space Toritsudai	◎	◎	
R-06	Residence	J City Hatchobori		◎	
H-01	Hotel	Dormy Inn Matsuyama			
H-02	Hotel	Hotel Sunshine Utsunomiya			◎
C-01	Retail	Prio Daimyo II		◎	
C-02	Retail	Co-op Sapporo Shunko			◎

☆ : In process, ◎ : To be processed



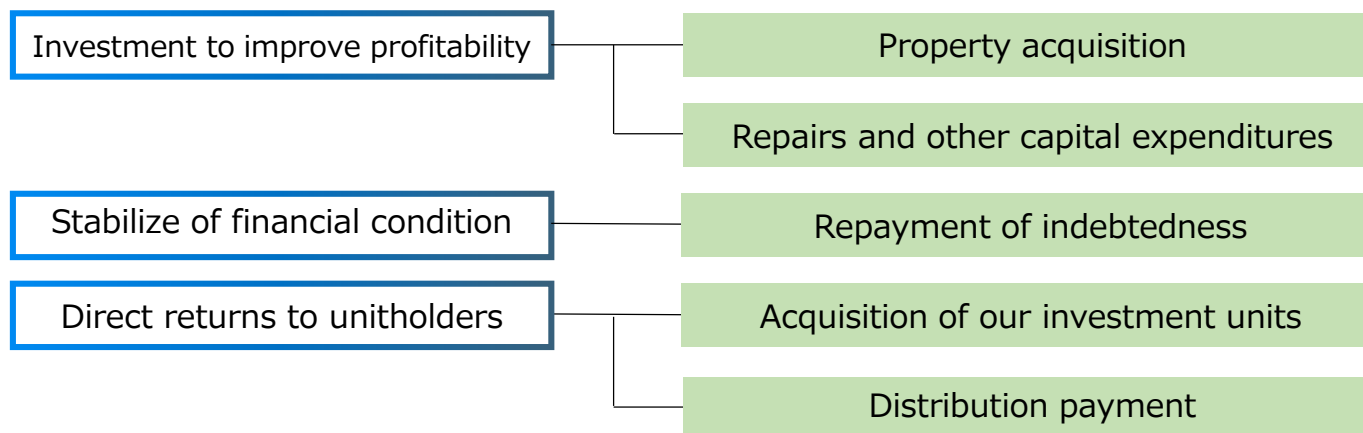
Financing Strategy

Execute a sound, proactive and flexible financing strategy for the purpose of producing stable profits and achieving continued growth of our unitholder value.

Equity finance	We will tap the capital markets when we need funds to acquire properties, etc., but will do so upon considering the dilutive effect of equity finance and market conditions.
Debt finance	We may take our borrowings or issue investment corporation bonds for the purpose of investing in properties, conducting repairs or other work, paying cash distributions, repaying our obligations, and other activities. We effectively control debt maturities by diversifying maturity dates for our borrowings and investment corporation bonds in order to minimize refinancing and interest rate risk.
LTV ratio	Set an upper limit of 60% as a general rule in order to operate with a stable financial condition.
Credit rating	Deliberately acquire credit rating for financing

Cash Management Policy

Conduct an efficient and appropriate cash management by monitoring and accurately recognizing our expected financial needs of our portfolio



Unitholder benefit program

We introduced unitholder benefit program in order to attract more investors





V .Appendix



August 2018 Period (1st fiscal period) Balance Sheet

(Unit : JPY thousands)

Assets	
Current assets	
Cash and deposits	731,698
Cash and deposits in trust	1,941,949
Operating accounts receivable	36,687
Prepaid expenses	94,737
Deferred tax assets	39
Consumption tax receivable	1,389,734
Other current assets	10
Total current assets	4,194,858
Fixed assets	
Property and equipment	
Building in trust	16,950,478
Accumulated depreciation	▲78,314
Building in trust, net	16,872,164
Structures in trust	20,591
Accumulated depreciation	▲78
Structures in trust, net	20,513
Land in trust	48,291,144
Total property and equipment, net	65,183,822
Investment and other assets	
Security deposits	10,000
Long-term prepaid expenses	116,780
Other assts	10
Total investments and other assets	126,790
Total fixed assets	65,310,613
Deferred assets	
Investment unit issuance costs	72,627
Total deferred assets	72,627
Total assets	69,578,099

Liabilities	
Current liabilities	
Operating accounts payable	247,759
Short-term loans	4,600,000
Accounts payable	16,746
Accrued expenses	13,970
Income tax payable	1,919
Advances received	16,041
Other current liabilities	22,770
Total current liabilities	4,919,207
Non-current liabilities	
Long-term loans	30,000,000
Tenant leasehold and security deposits in trust	2,544,461
Asset retirement obligations	89,002
Derivatives liabilities	13,883
Total non-current liabilities	32,647,348
Total liabilities	37,566,555

Net assets	
Unitholders' equity	
Unitholders' capital	31,991,672
Surplus	
Retained earnings	33,755
Total surplus	33,755
Total unitholders' equity	32,025,427
Valuation and translation adjustments	
Deferred gain or (loss) on hedges	▲13,883
Total valuation and translation adjustments	▲13,883
Total net assets	32,011,543
Total liabilities and net assets	69,578,099






August 2018 Period (1st fiscal period) Statement of Income/ Statement of Cashflow

(Unit: JPY thousands)

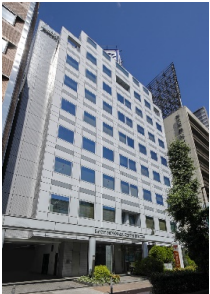

(Unit: JPY thousands)






Statement of Income	
Operating revenues	
Rental revenues	345,244
Other rental revenues	32,185
Total operating revenues	377,429
Operating expenses	
Expenses related to property rental business	141,762
Asset management fee	2,707
Asset custody fee	4,893
Directors' compensation	1,600
Taxes and dues	16,585
Other operating expenses	9,287
Total operating expenses	176,837
Operating income	200,592
Non-operating income	
Interest income	6
Total non-operating income	6
Non-operating expenses	
Interest expenses	15,025
Foundation expenses	2,753
Borrowing related expenses	142,910
Amortization of investment units issuance costs	4,272
Total non-operating expenses	164,962
Ordinary income	35,637
Income before income taxes	35,637
Income taxes	
Income taxes-current	1,920
Income taxes-deferred	▲39
Total income taxes	1,881
Net income	33,755
Unappropriated retained earnings	33,755

Statement of Cashflow	
Cashflow from operating activities	
Income before income taxes	35,637
Depreciation	78,392
Amortization of investment units issuance costs	4,272
Borrowing related expenses	136,596
Interest income	▲6
Interest expenses	15,025
Decrease (Increase) in operating accounts receivable	▲31,154
Decrease (Increase) in consumption tax receivable	▲1,389,734
Decrease (Increase) in prepaid expenses	▲17,992
Decrease (Increase) in long-term prepaid expenses	▲14,706
Increase (Decrease) in operating accounts payable	113,150
Increase (Decrease) in accounts payable	13,924
Increase (Decrease) in advances received	16,041
Other, net	19,052
Subtotal	▲1,021,502
Interest income received	6
Interest expenses paid	▲1,054
Income taxes paid	▲0
Net cash used in operating activities	▲1,022,552
Cashflow from investing activities	
Purchase of property and equipment in trust	▲65,047,546
Payment of tenant leasehold and security deposits	▲10,000
Proceeds from tenant leasehold and security deposits in trust	776,171
Payments of tenant leasehold and security deposits in trust	▲5,715
Net cash used in investing activities	▲64,287,090
Cashflow from financing activities	
Proceeds from short-term loans	4,582,849
Proceeds from long-term loans	29,701,734
Proceeds from issuance of new units	31,917,583
Net cash provided by financing activities	66,202,168
Net increase in cash and cash equivalents	892,525
Cash and cash equivalents at beginning of period	—
Cash and cash equivalents at end of period	892,525






Property name	O-01	O-02	O-03	O-04	O-05
	NT Building	Higashi-Ikebukuro Central Place	Nagoya Center Plaza Building	TTS Minami Aoyama Building	Omiya NSD Building
					
Location	Shinagawa-ku, Tokyo	Toshima-ku, Tokyo	Nagoya, Aichi	Minato-ku, Tokyo	Saitama, Saitama
Construction	March 1996	November 1984	November 1978	May 1984	March 1993
Acquisition price(JPY million)	12,350	9,780	4,870	4,090	3,493
Appraisal value (JPY million)	13,000	10,000	4,880	4,290	3,610
Total leasable area	10,104.12m ² (Note)	7,793.60m ²	9,560.59m ²	1,995.65m ²	4,006.68m ²
Occupancy rate	100.0%	82.8%	98.7%	100.0%	100.0%
Access	3 minutes walk from Oimachi Station on Keihin-Tohoku Line, Tokyu-Oimachi Line and Tokyo Waterfront High-speed railway Rinkai Line	11 minutes walk from Ikebukuro Station on JR and private lines	1 minutes walk from Imaie Station on Nagoya Municipal Subway Higashiyama Line and Sakuradori Line	10 minutes walk from Omotesando Station on Tokyo Metro Ginza Line, Chiyoda Line and Hanzomon Line	5 minutes walk from Omiya Station on JR and private line






Note : Since "NT Building" is a property with the building under compartmentalized ownership, the area stated is the area for the compartmentalized ownership portion only.
Appraisal values and occupancy rate are as of August 31st, 2018.

Property name	O-06	O-07	O-08	O-09	O-10
	SAMTY Shin-Osaka Center Building	Hakata Gion Building	Chuo Bakuromachi Building	L.Biz Jimbocho	Shinsaibashi Building
					
Location	Osaka, Osaka	Fukuoka, Fukuoka	Osaka, Osaka	Chiyoda-ku, Tokyo	Osaka, Osaka
Construction	April 1991	November 2007	April 1993	June 2009	December 1990
Acquisition price(JPY million)	3,450	2,500	1,485	1,006	772
Appraisal value (JPY million)	3,620	2,600	1,900	1,140	805
Total leasable area	5,022.79m ²	3,653.70m ²	3,739.57m ²	859.82m ²	1,408.52m ²
Occupancy rate	100.0%	100.0%	98.0%	100.0%	100.0%
Access	2 minutes walk from Nishinakajimaminami gata Station on Osaka Metro Midosuji Line. 10 minutes walk from Shinosaka Station on JR and private lines.	3 minutes walk from Gion Station on Fukuoka Municipal Subway Kuko Line 10 minutes walk from Hakata Station on JR and private line.	6 minutes walk from Sakaisujihonmachi Station on Osaka Metro Sakaisuji Line and Chuo Line	4 minutes walk from Jimbocho Station on Tokyo Metro Hanzomon Line, Toei Mita Line and Toei Shinjuku Line	1 minute walk from Shinsaibashi Station on Osaka Metro Midosuji Line and Nagahori Tsurumi-Ryokuchi Line

Property name	O-11	O-12	O-13	O-14	O-15
	L.Biz Sendai (former MB Odakyu Building)	Sendai Nikko Building	Morioka Ekimae-dori Building	Nagano Central Building	EME Koriyama Building
					
Location	Sendai, Miyagi	Sendai, Miyagi	Morioka, Iwate	Nagano, Nagano	Koriyama, Fukushima
Construction	March 1993	March 1989	April 1987	November 1994	March 1988
Acquisition price(JPY million)	1,680	1,740	1,480	898	900
Appraisal value (JPY million)	1,740	1,790	1,680	1,120	1,030
Total leasable area	3,368.98m ²	2,540.11m ²	4,480.31m ²	2,619.93m ² (Note)	2,931.65m ²
Occupancy rate	90.8%	100.0%	94.1%	94.9%	91.0%
Access	9 minutes walk from Sendai Station on JR	6 minutes walk from Sendai Station on JR	4 minutes walk from Morioka Station on JR	4 minutes walk from Nagano Station on JR	13 minutes walk from Koriyama Station on JR

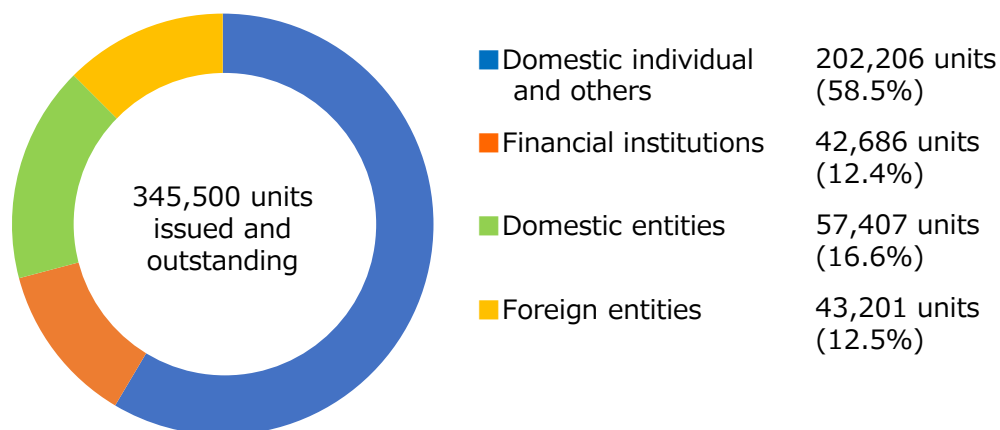
Note : Since "Nagano Central Building" is a property with the building under compartmentalized ownership, the area stated is the area for the compartmentalized ownership portion only.
Appraisal values and occupancy rate are as of August 31st, 2018.

Property name	O-16	O-17	R-01	R-02	R-03
	Utsunomiya Central Building	Yamagata Ekimae-dori Building	Amare Tokaidori	Dormy Ukimafunado	Benefis Hakata-Minami Grand Suite
					
Location	Utsunomiya, Tochigi	Yamagata, Yamagata	Nagoya, Aichi	Itabashi-ku, Tokyo	Fukuoka, Fukuoka
Construction	September 1995	November 1984	July 2007	April 1997	March 2009
Acquisition price(JPY million)	771	600	1,100	1,080	1,032
Appraisal value (JPY million)	987	814	1,220	1,110	1,080
Total leasable area	2,768.91m ²	2,505.92m ²	2,935.38m ²	2,462.60m ²	2,782.51m ²
Occupancy rate	92.2%	93.3%	93.6%	100.0%	92.9%
Access	14 minutes walk from Utsunomiya Station on JR	6 minutes walk from Yamagata Station on JR	1 minute walk from Tokai-dori Station on Nagoya Municipal Subway Meiko Line	3 minutes walk from Ukima-Funado Station on Saikyo Line	7 minutes walk from Takeshita Station on Kagoshima Main Line

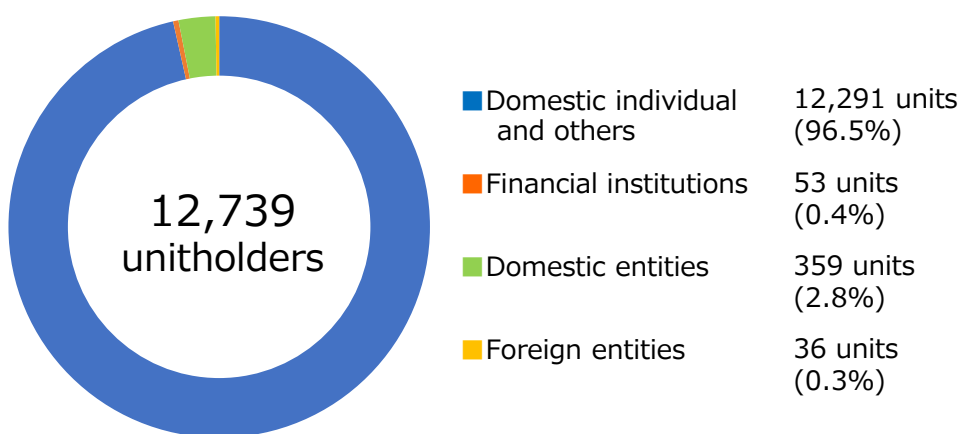
Property name	R-04	R-05	R-06	H-01	H-02
	LUXENA HIGASHI-KOENJI	Alpha Space Toritsudai	J City Hatchobori	Dormy Inn Matsuyama	Hotel Sunshine Utsunomiya
					
Location	Suginami-ku, Tokyo	Meguro-ku, Tokyo	Hiroshima, Hiroshima	Matsuyama, Ehime	Utsunomiya, Tochigi
Construction	July 2008	April 1990	November 2005	October 2017	February 1991
Acquisition price(JPY million)	1,060	589	1,200	2,427	2,000
Appraisal value (JPY million)	1,070	605	1,340	2,500	2,100
Total leasable area	1,405.29m ²	907.13m ²	2,623.39m ²	5,119.15m ²	5,267.16m ²
Occupancy rate	86.3%	92.7%	93.8%	100.0%	100.0%
Access	4 minutes walk from Higashikoenji Station on Tokyo Metro Marunouchi Line	7 minutes walk from Toritsu-Daigaku Station on Tokyu Toyoko Line	2 minutes walk from Hatchobori Station on Hiroshima Electric Railway Main Line	2 minutes walk from Okaido Stop on Iyo Railway Jonan Line	5 minutes walk from Utsunomiya Station on JR

Property name	C-01	C-02
	Prio Daimyo II	Co-op Sapporo Shunko
		
Location	Fukuoka, Fukuoka	Asahikawa, Hokkaido
Construction	April 2002	August 1994
Acquisition price(JPY million)	980	1,036
Appraisal value (JPY million)	1,090	1,100
Total leasable area	761.01m ²	7,214.92m ²
Occupancy rate	100.0%	100.0%
Access	7 minutes walk from Tenjin Station on Fukuoka Municipal Subway Kuko Line	4km from Shinasahikawa Station on JR

Breakdown by units



Breakdown by unitholders



Note

(1) As of August 31st, 2018

(2) Rounded to the nearest second decimal place.

Major Unitholders

	Name	Units Owned	% of units issued
1	Takara Leben Co., Ltd.	18,700	5.41
2	PAG JREIT CO-INVEST LIMITED	10,400	3.01
3	Japan Trustee Services Bank, Ltd. (Trust Acct.)	7,305	2.11
4	GOLDMAN SACHS INTERNATIONAL	5,781	1.67
5	Individual investor	5,618	1.62
6	Leben Community Co., Ltd.	5,200	1.50
7	GMO CLICK Securities, Inc.	5,055	1.46
8	JP MORGAN CHASE BANK 385751	4,578	1.32
9	THE BANK OF NEW YORK MELON(INTERNATIONAL) LIMITED 131800	4,166	1.20
10	MLI FOR CLIENT GENERAL OMNI NON COLLATERAL NON TREATY-PB	4,036	1.16

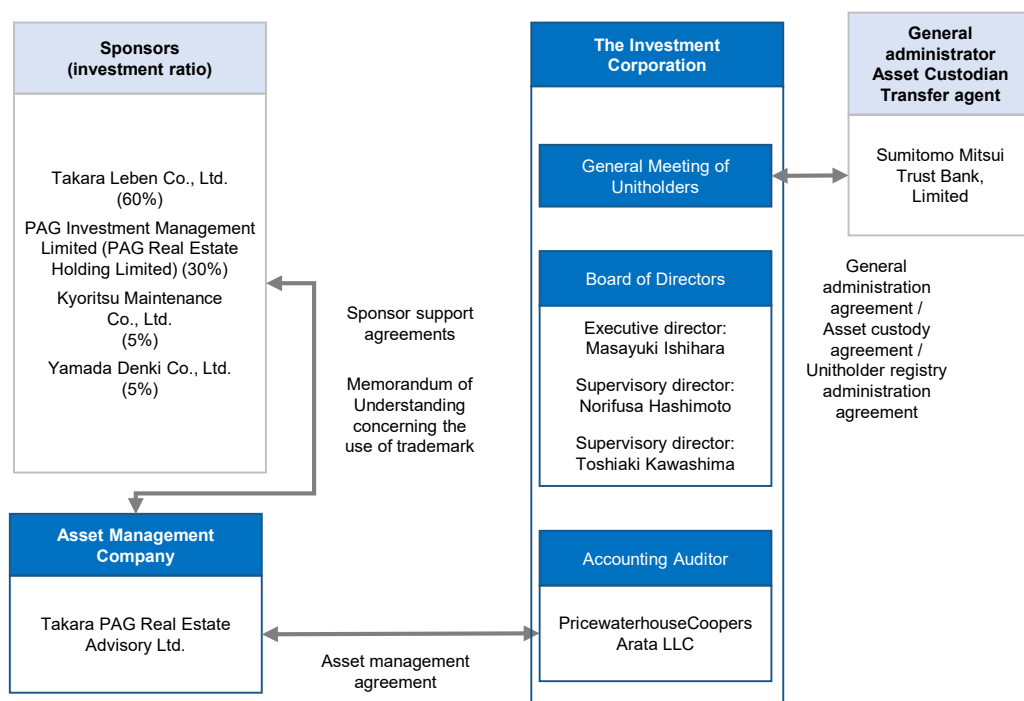


Our Mission

Our mission is to achieve strong growth and quality asset management expected by institutional investors through the utilization of the unique capabilities of our Sponsors as well as to maximize unitholder value while creating a sustainable environment and contributing to communities and society



Overview

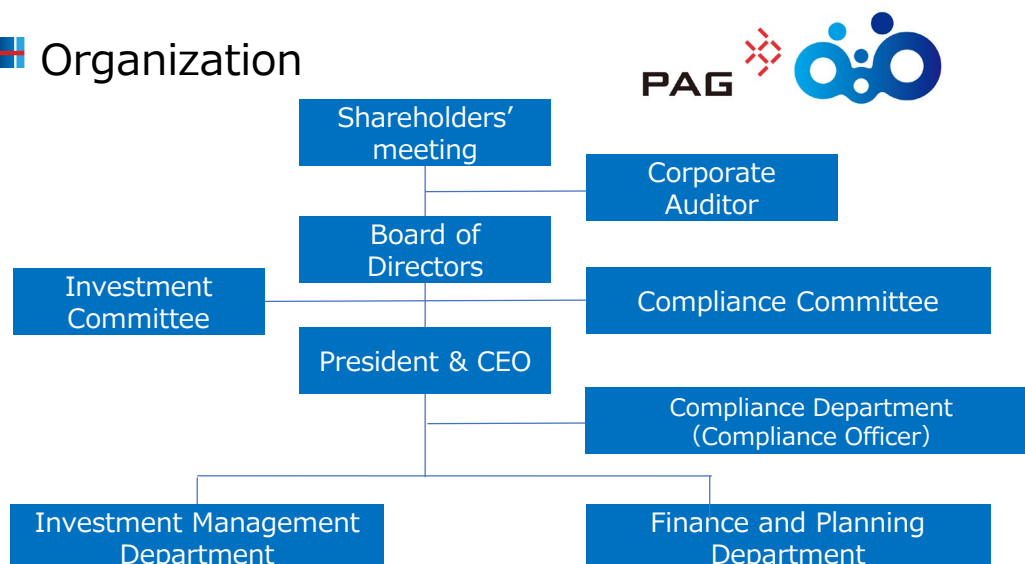


Name	Takara Leben Real Estate Investment Corporation
Address	1-14-15, Akasaka Minato-ku, Tokyo
Representative	Masayuki Ishihara (Executive Director)
Founded	September 11 th , 2017
Listed	July 27 th , 2018
Sponsors	Takara Leben Co., LTd. PAG Investment Management Limited Kyoritsu Maintenance Co., Ltd. Yamada Denki Co., Ltd.

Overview

Company Name	Takara PAG Real Estate Advisory Limited
Location	1-14-15, Akasaka Minato-ku, Tokyo
Representatives	Masayuki Ishihara (CEO), Tetsuo Funamoto (President)
Establishment	January 15, 2016
Capital	JPY 50 million
Shareholders	Takara Leben Co., Ltd. (60%) PAG Real Estate Holding Limited (30%) Kyoritsu Maintenance Co., Ltd. (5%) Yamada Denki Co., Ltd. (5%)

Organization



Sustainability actions

The Asset Manager considers that consideration for the environment, society and governance in asset management business operations leads to “maximization of unitholder value”, “creation of a sustainable environment” and “contribution to communities and society” that are pursued by the Investment Corporation. In order to put such view into practice, the Asset Manager has established the “Sustainability Policy” and takes various initiatives based on said policy.

<Sustainability Policy>

1. Initiative for preventing global warming
2. Reduction of environmental burden
3. Legal compliance and build sound business process
4. Communication with stakeholders
5. Proactive information disclosure



**Takara Leben
Real Estate
Investment Corporation**

Contact



Takara PAG Real Estate Advisory Limited
Tel : 03-6435-5264

- This document has been prepared for information purposes only and is not for soliciting and inviting investment or recommending transaction of specified products.
- This document does not constitute a disclosure document or a management report based on the Financial Instruments and Exchange Act, the Act on Investment Trusts and Investment Corporations or the listing regulations of the Tokyo Stock Exchange.
- This document includes forward-looking statements. The forward-looking statements are subject to various risks and uncertainties currently unknown since they are based on currently available information, certain assumptions and preconditions. The contents of forward-looking statements may be affected by these risks, uncertainties, assumptions and other factors. Therefore, such forward-looking statements do not guarantee future performance, management results, financial standing, etc. of TLR
- As for the information provided in this document, neither its accuracy nor safety are guaranteed although we have made every effort to provide correct information. Please note the information may be modified or deleted without prior notice.
- Duplication, reproduction, etc. of the contents of this document without prior consent are prohibited.